JUN 5 1942

Final Edition THURSDAY In 2 Sections — Section 1

The COMMERCIAL & FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 155 Number 4078 New York, N. Y., Thursday, June 4, 1942 Price 60 Cents a Copy

Our Reporter On "Governments"

The over-all war financing program for which we have been waiting for so many months now is developing. . . . For the first time, we can see clearly a pattern of borrowing-taxation-inflation control and we can judge with some degree of confidence the place each source of funds in the United States must and will have. . . . And with that basic fundamental present, we can go on to consider the position of various investors in U. S. Government obligations. . . .

These are the things we know:

There will be open market borrowings of unprecedented size every month. . . . To be specific, it's calculated that borrowings during the next fiscal year will reach $4,000,000,000 a month, with $1,000,000,000 or so coming from sales of war bonds to the public and $3,000,000,000 coming from institutional purchasers of all classes. . . .

Money rates will be maintained around present levels. . . . To be specific, that means a ceiling of about 3/8% on shortest-term money (discount bills) and a top of 2½% on longest-term money (the 1970 maturities). . . .

Several different types of issues will be sold, with the types being staggered over the year. . . . To be specific, that means we'll have issues of long bonds, of certificates of indebtedness, of notes. . . . We'll have tap issues and regular offerings. . . . We'll have restrictions on subscriptions aimed at distribution of the debt but not at limitation of purchases. . . .

All these things—and many of them are new—we know. . . . And now how can you best fit into the picture?

Doing your own refunding

If you will study the records of subscriptions during the last few months and the types of securities sold, you will notice these significant points:

(1) The days of big premiums immediately after the formal sale of a new issue and minute allotments on orders are gone. . . . No longer do we see premiums of 1½ and 2 points on new offerings. . . . No longer do we have to pad subscriptions to ridiculous figures in order to get 100 or 500 bonds. . . . Premiums of a few 32nds indicate a successful sale now. . . . And allotments of 50% and even higher are becoming—or will become soon—the accepted thing. . . .

(2) Slowly but definitely, "guesswork" on the terms of new issues is disappearing. . . . With the establishment of the "Victory Fund Committees" on a working basis and with the cooperation of the Treasury and bankers and regional investors today, we are approaching the time when being in the dark about the terms of new offerings until the last minute will be just a memory. . . .

(3) The short-term market and the intermediate-maturity market are bearing the brunt of new financing. . . . The long terms are being handled with care and caution—to make sure the most important interest rates are not disturbed. . . .

(4) The maturity calendar is being expanded at a terrific rate—naturally enough. . . . There are securities available in just about every maturity range between now and 1972. . . .

(5) And finally, a concrete effort to distribute the debt among as many different kinds of investors as there are in the nation is being made. . . .

Now how do you fit in? The answer to this writer seems to be

(Continued on page 2113)

Latest Ruling Of Attorney General Would Handicap Reputable Dealers

Last week the Attorney General of the State of New York issued an order that all resident securities dealers MUST SHOW THEIR CUSTOMER THE AMOUNT OF THEIR PROFIT WHENEVER THEY SELL A LISTED SECURITY. No doubt, Mr. Bennett believes that such a procedure will protect the investing public from the excessive markups of the small minority of securities swindlers that are still at large.

OF COURSE, IT WILL DO NO SUCH THING! All that this arbitrary action will accomplish is to bring the already overburdened, reputable, securities dealer in the State of New York that much closer to insolvency and deprive him of one more source of much needed business.

But what will the crook do about this new ruling? It is an old axiom of law enforcement, that the good Attorney General should by now be acquainted with, that goes something like this: "A lawbreaker will always find ways of getting around the law, an honest man doesn't try to do so." In handing down this order, it is obvious that the Attorney General is directing his efforts toward controlling the fly-by-night swindler who preys upon the uninitiated buyer of securities. We can understand that their operations might be confined to the offer of the most well known listed stocks, such as General Motors, Steel, Telephone, etc. Also that they make such offerings to people who are not acquainted with markets but seem to have heard of these various market leaders. It seems to us, that such people are gullible to the extreme and if any one doesn't know that the price they are paying for any listed stock is 12% above the market (as brought out by the Attorney General, in his order), then these very people will still continue to be at the mercy of sharpers who will find some other way of fleecing them, instead of taking advantage of their lack of market knowledge.

Mr. Bennett also does not seem to realize that this regulation may impede the efficient distribution of prospective blocks of listed bonds. There are a number of large insurance company holdings that cannot now be sold on the limited market that exists on the New York Stock Exchange. As an example: One day last week, a group of dealers sold $1,179,000 worth of Atlantic Coast Line 4½s at 63, less 1¼ points concession. The New York Stock Exchange High and Low for the week was 60-61, BUT THERE WERE ONLY $61,000 traded during the entire week. The real market was over-the-counter, not on the Exchange, as

(Continued on page 2116)

Perry Hall To Direct N. Y. Victory Fund

Allan Sproul, Chairman of the Victory Fund Committee for the Second Federal Reserve District, announced on May 28 that, with the approval of the Secretary of the Treasury, the Committee has appointed Perry E. Hall as Executive Manager for the New York District. Mr. Hall will take a leave of absence as a partner in Morgan Stanley & Co. in order to devote his full time to the work of the Victory Fund Committee. Mr. Hall will assume immediate and full executive responsibility for the committee's work, says the announcement which states that "it will be his job to develop further plans of organization and to devise a selling program which will aid in the distribution of government securities; and then to direct the func-

Perry E. Hall

(Continued on page 2113)

INDEX

Merrill Lynch Absorbs Lyons Retail Business

LOUISVILLE, KY. — Effective June 1, the cash, margin, and commodity business of W. L. Lyons & Co. was transferred to Merrill Lynch, Pierce, Fenner & Beane. The majority of the sales personnel of W. L. Lyons & Co. has become associated with the Merrill Lynch firm. Customers of the Louisville, Lexington, and Danbury offices of W. L. Lyons & Co. have been notified of the change; the firm's Cincinnati offices have been closed.

W. L. Lyons, Jr., with Lewis G. Kaye, B. C. Lyons, and M. G. Lyons, will continue W. L. Lyons & Co. at 231 South Fifth St., as dealers, underwriters and distributors of investment securities, with memberships in the New York and Chicago Stock Exchanges. W. L. Lyons, Jr., the concern's Exchange member, is also an associate member of the New York Curb Exchange and a member of the Chicago Board of Trade.

The original firm of Quigley & Lyons was founded in 1857, being succeeded in 1878 by W. L. Lyons & Co.

Harry Hall Knight To Be Newhard, Cook Partner

ST. LOUIS, MO. — Newhard, Cook & Co., Fourth & Olive Streets, members of the New York and St. Louis Stock Exchanges, have taken over the business of Harry Hall Knight & Co., and Harry Hall Knight is being admitted to partnership in the firm as of June 11.

Val O. Decker and Leonard E. Scott, both formerly partners in Harry Hall Knight & Co., and William Oliver Suhre, also previously with that firm, are also becoming associated with Newhard, Cook & Co.

Foresees Increase In Bank Service Charges

In a talk on "Present Day Bank Costs and Service Charges," John J. Driscoll, Jr., C. P. A., of Driscoll, Millet & Co., on May 25, said that a marked increase in service charges is indicated in view of rising expenses and costs and the falling off of income from invested money. The following is a digest of Mr. Driscoll's address before the annual meeting of the New York State Bankers Association annual meeting in New York City:

In our opinion the year 1941 produced the highest bank earnings we will have for a number of years, and these earnings were still considerably short of sound earning power. Expenses and costs are rising and will probably continue to do so, while income from invested money is still going off. This is going to be a hard problem to solve, and we must at least make real headway towards solving it if we are going to be prepared to provide reserves and care for losses when conditions change.

This, to our mind, means the use of every effort to operate efficiently, the elimination of unnecessary services and the adjustment of unprofitable services to a profitable basis. It will require a broader recognition of costs in our operations and the application of these costs when establishing policies.

All of this indicates a marked increase in service charges, some of a nature not yet considered by the large majority of banks.

Jos. Edgerton Head Of Committee On Taxation

The Committee of Brokers and Dealers on Taxation, of New York City, has elected Joseph J. Edgerton, E. F. Hutton & Co., Chairman. Walter G. Rhone, Gude, Winmill & Co., was named Vice-Chairman, and Ray Widdows, J. H. Brooks & Co., Secretary.

Jacob Brown, Carl M. Loeb, Rhoades & Co.; Charles J. Doerrler, Fahnestock & Co.; Roland M. Hauck, White, Weld & Co.; Jacob Lustig, J. S. Bache & Co.; Oliver Miles, Carlisle & Jacquelin; William H. Owen, Jr., The Lee Higginson Corporation; M. E. Smith, Harris, Upham & Co.; and W. W. Smith, Abbott, Proctor & Paine, were elected to the Executive Committee.

Tyson-Jourdan Staff With Suplee-Yeatman

PHILADELPHIA, PA.—The expansion of the sales organization of Suplee, Yeatman & Co., Inc., 220 South 16th St., by the addition of D. Gordon Allan, Margaret E. Brusstar, James G. Faunce, Jr., Oliver N. Long and Edward H. Tyson is announced.

The five new members were all formerly with Tyson, Jourdan & Co., Inc., which has just recently been dissolved. Eugene H. Jourdan, who was President of the latter firm, is now in the service.

Suplee, Yeatman & Co., Inc., was organized in 1932 by William Z. Suplee, Pope Yeatman, Jr., Ethan G. Zuber and Romeyn B. Quintard.

All of the officers of Suplee, Yeatman & Co., Inc., and the above members of Tyson, Jourdan & Co., Inc., were formerly associated with the Philadelphia office of Bonbright & Co.

N. Y. Newspapers Cut Editions For War

In accordance with the order of the Office of Defense Transportation to restrict deliveries for the wartime conservation of gasoline and rubber, several New York City newspapers on June 1 reduced their schedule of editions and deliveries.

The "Sun" and the "World-Telegram" have cut the number of their editions from seven to four daily, while the "Journal-American" has combined its first and second edition, leaving the three other editions the same. The "Post" has for some time been publishing three main editions and continues to do so. These four are all afternoon newspapers.

In the morning field the "Daily Mirror" is publishing four instead of five editions. The New York "Herald Tribune" and the New York "Times," each of which has been publishing two main editions instead of three for several months, are awaiting the outcome of arbitration proceedings to determine what, if any, combination deliveries may be effected. The "Sun" is also awaiting the decision respecting the combining of deliveries.

The St. Louis "Post-Dispatch" and the "Star-Times," afternoon newspapers, reduced, effective May 25, their number of editions published for city circulation on week days from six to three.

Toppers Announce Tally From Field Day

PHILADELPHIA, PA. — About ninety-five members and guests attended the sixth annual outing of The Toppers, Philadelphia municipal group, held at the Knickerbocker Country Club in Tenafly, N. J.

In the golf tournament, which was the feature of the day, Thomas Cafone, W. E. Hutton & Co., won low gross for the second successive year. Roald Morton, The Blue List, was runner-up for low gross and won the Kickers Handicap in Class A, with Fred McCann, F. P. Lang & Co., winning the Class B prize. James Abrams, Allen & Co., made the longest drive, followed by Barton Fox of 120 Broadway, New York City. Mr. Cafone was also winner of the nearest-the-pin prize, with William Byrne, H. C. Wainwright & Co., runner-up. Glenn Thompson, Chemical Bank & Trust Co., held the highest score admitted.

The tennis competition, in which there were eight entrants, was won by Seth Glickenhaus, Glickenhaus & Lembo, with William Riley, Paine Webber & Co., runner-up.

A softball game took place in the afternoon between the "Slicers," under John Holland of Barr Brothers & Co., Inc., and the "Hookers," captained by William Burnett, Keen, Taylor & Co., acting in the absence of Gray Wells, Graham, Parsons & Co. Gardner Lawlor, Union Securities Corp., received the award for the longest hit ball. James Hitz, Otis & Co., received the prize for the most graceful player.

The outing committee was composed of Albert J. Milloy, First Boston Corp., Chairman; Thomas Cafone, C. M. Haight, Tripp & Co., Inc.; James Heller, Lazard Freres & Co.; John Stafford, Glore, Forgan & Co., and Paul Wolf, Harris Trust & Savings Bank.

Roger B. Ray Joins H. M. Payson & Co.

(Special to The Financial Chronicle)

PORTLAND, ME. — Roger B. Ray, for the past 10 years active as an investment dealer in Portland, has become associated with H. M. Payson & Co., 93 Exchange St. Also connected with the firm is William E. Wing.

H. M. Payson & Co. was established in 1854.

Payment On Rio Grande 7s

The Chase National Bank of New York announces that it has received as special agent funds with which to pay holders of State of Rio Grande Do Sul (Brazil) consolidated municipal loan 40-year 7% sinking fund gold bonds due June 1, 1967, 15.05% of the face value of coupons due Dec. 1, 1939. This payment, says the announcement, amounts to $5.2675 for each $35 coupon and $2.63375 for each $17.50 coupon, and is in full payment of all interest claims. Payment of the interest may be obtained at the coupon paying division of the bank, 11 Broad Street, New York.

Phila. Salesmen To Hold Annual Outing

PHILADELPHIA, PA. — The annual outing of the Philadelphia Association of Security Salesmen, to be held this year on June 12 at the Overbrook Country Club, will be in effect a "send-off" for a number of members who are about to join the country's armed forces, and others who are scheduled to follow within the next few months. Already a representative number of the Association's members have entered various branches of the service.

Suitable "send-off" ceremonies will be a feature of the dinner which traditionally marks the end of the day's activities and which will be presided over by C. Howle Young, W. L. Morgan & Co., President.

The outing will be under the direction of Harold F. Carter, of Hornblower & Weeks, chairman of the general committee. He will be assisted by Thomas B. Lewars, Reynolds & Co., chairman of the prize committee; Allan N. Young, Allan N. Young & Co., tennis chairman; Osborne R. Roberts, Schmidt, Poole & Co., golf; Edward W. G. Borer, Sheridan Bogan & Co., golf money hole; and Llewellyn W. Fisher, Paul & Co., chairman of the committee in charge of the dinner show.

John J. Laver Is With Edward A. Purcell Co.

Edward A. Purcell & Co., 65 Broadway, New York City, members of the New York Stock and Curb Exchanges, announced that John J. Laver has become associated with them in the trading department. Mr. Laver was formerly for 10 years a partner in R. F. Gladwin & Co.

Knell Heads Wool Assoc.

The Wool Associates of the New York Cotton Exchange Inc., on June 1 elected Frank J. Knell, President; Bernard J. Conlin, First Vice-President: Stanley H. Lawton, Second Vice-President, and William J. Jung, Treasurer. The following have been elected members of the Board of Governors: E. Malcolm Deacon, Joseph P. Draper, Tinney C. Figgatt, Lawrence P. Hills, Marland C. Hobbs, H. Clyde Moore, Robert J. Murray, Max W. Stoehr, Joseph R. Walker, Philip B. Weld, and Arthur O. Wellman. James B. Irwin, James C. Royce, and John R. Tolar 3rd were elected as Inspectors of Election.

COMMERCIAL and FINANCIAL CHRONICLE
Reg. U. S. Patent Office
William B. Dana Company
Publishers
25 Spruce Street, New York
BEekman 3-3341
Herbert D. Seibert,
Editor and Publisher
William Dana Seibert, President
William D. Riggs, Business Manager
Thursday, June 4, 1942

Published twice a week [every Thursday (general news and advertising issue) with a statistical issue on Monday]

Other offices: Chicago—In charge of Fred H. Gray, Western Representative, Field Building (Telephone State 0613). London—Edwards & Smith, 1 Drapers' Gardens, London, E.C.

Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of Mar. 3, 1879.

Subscriptions in United States and Possessions $26.00 per year; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year. NOTE—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Friedrichs A Partner In Woolfolk, Huggins

NEW ORLEANS, LA.—G. Shelby Friedrichs, who has been associated with Woolfolk, Huggins & Shober, 839 Gravier St., members of the New Orleans Stock Exchange, for some years specializing in Louisiana municipals, has been admitted to partnership in the firm effective June 1.

Graduated from Tulane University School of Business Administration in 1933, Mr. Friedrichs began his career in the securities business as a board boy for a Stock Exchange house. After a two-year interlude with the Securities and Exchange Commission in Washington, he returned to New Orleans to resume the bond business actively. Mr. Friedrichs is Treasurer of the Bond Club of New Orleans and has been nominated for the Presidency of the group for the coming year.

Other partners in Woolfolk, Huggins & Shober, which was established in 1927, are Robert M. Woolfolk, Allen C. Huggins, and John B. Shober.

Newburger Loeb Closes Out-Of-Town Branches

Newburger, Loeb & Co., with main offices at 40 Wall St., and four other branch offices in New York City, 99 Madison Ave., at 29th St., 525 Seventh Ave., at 38th St., 57 West 57th St., at 6th Ave., and Hotel Ansonia, Broadway at 73rd St., announce that they have discontinued all of their out-of-town branch offices. The firm has had a continuous business record of over 43 years, and are members of the New York Stock Exchange and other Exchanges.

The Real Estate Securities and Government and Municipal Bond Departments, together with the Statistical and Over-the-Counter Departments are located in the 40 Wall St. offices.

John Kelsey To Manage Staats Municipal Dept.

LOS ANGELES, CALIF.—John F. Kelsey has become associated with William R. Staats Co., 640 South Spring St., members of the Los Angeles Stock Exchange, and will be in charge of the municipal bond department. He was formerly manager of the municipal department of the Bankamerica Company in San Francisco.

J. Earle Jardine, Jr., who has been manager of the municipal department of William R. Staats Co., will shortly take a leave of absence to go on active duty as Captain in the Coast Artillery Corps.

H. A. Watts To Become W. L. Lyons Partner

LOUISVILLE, KY.—Hugh Allen Watts will be admitted to partnership in W. L. Lyons & Co., 231 South Fifth St., members of the New York and Chicago Stock Exchanges, on June 11. Mr. Watts has been connected with W. L. Lyons & Co. for many years in the trading department. Prior thereto he was with Reynolds & Co. in Louisville.

Marsh & Schortemeier To Form NYSE Firm

James S. Marsh, member of the New York Stock Exchange, as of June 11 will form Marsh & Schortemeier, with offices at 40 Exchange Place, New York City, in partnership with George W. E. Schortemeier, who will act as alternate for Mr. Marsh on the floor of the New York Stock Exchange.

Mr. Marsh has recently been active as an individual floor broker. Prior thereto he was a partner in Hilbert, Condon & Bassett, Lawrence Tunure & Co., C. N. Edge & Co., Benton & Marsh, and Jackson & Curtis.

Money In Circulation

The Treasury Department in Washington has issued the customary monthly statement showing the amount of money in circulation after deducting the moneys held in the United States Treasury and by Federal Reserve banks and agents. The figures this time are for April 30, 1942, and show that the money in circulation at that date (including, of course, that held in bank vaults of member banks of the Federal Reserve System) was $11,766,856,667, as against $11,565,766,034 on March 31, 1942, and $9,070,656,951 on April 30, 1941, and comparing with $5,698,214,612 on Oct. 31, 1920. Just before the outbreak of the World War, that is, on June 30, 1914, the total was only $3,459,434,174.

Paul Co. Elects Barbarin

PHILADELPHIA, PA.—John Van Ness Barbarin has been elected Assistant Treasurer and Cashier of Paul & Co., Inc., 1420 Walnut Street. Spencer Andrew Ryan has resigned as Assistant Treasurer as of May 29.

Institutional Bonds

During the last fortnight of May the market for long governments moved forward, while other departments of the high-grade market moved sidewise, failing thus far to follow the lead of long governments. The market, on the whole, was quiet, with attention concentrated on the new government financing and upon a few new issues, and with trading featureless in outstanding high-grade corporates.

The advance in governments was featured by long-term issues, both taxable and non-taxable, which moved up something like a half point for the fortnight. Medium-maturity governments too moved up somewhat less, and shorter maturities failed to advance and in some cases declined a trifle. The markets for several months now have suggested higher rates for nearer maturities but have suggested no higher rates for long-term maturities. There is some evidence that this trend may coincide with Treasury policy.

It was distinctly noticeable during the past fortnight that there was no tendency to bid up prime corporates, even during sessions when the government market was moving up materially. Thus the trend at the moment favors government bonds. Nevertheless, insurance companies continue to buy substantial amounts of prime rails and utilities when offerings are attractive, but they seem to insist upon a wider advantage over government bonds than they did last year. Savings banks at the moment are not an important factor in this market. Commercial banks are continuing to add to their long-term governments but more and more demand is being heard from commercial bank quarters for a form of government financing more suitable to commercial banking requirements. The possibility of a revolving credit as previously set forth here is now more widely discussed. The probability is that more will be heard of it.

The Flow of Railroad Cash

The market has lately been unfavorable to second-grade rails, with extreme thinness in many borderline issues and speculative demand highly concentrated in a few issues. Earnings reported this month are reaching a new high and thus there is probably today the widest discrepancy in our history between the generality of railroad bond prices and current earnings. In a sense, this is natural because of the wartime nature of these earnings, which many consider temporary, and because all classes of wartime earnings are very conservatively discounted.

Fundamentally, it is not the disposition of the present market to try to guess the future. Analysis of the highly divergent market trends of various second-grade rail bonds during the past year illustrates that there is one compelling factor today, namely, the flow of surplus cash into railroad treasuries and out again. Nowadays people are not disposed to examine mere statistics and abstract formulae in buying securities. These things all seem very theoretical. But hard cash is another matter. The flow of cash will deserve watching for some time to come.

In the case of bankrupt rails, this flow of cash has been directed towards the payment of interest arrears and has had immediate tangible percussion on the pocketbooks of bondholders. Thus, therefore, most bankrupt bonds have advanced substantially since last fall, even though quick reorganization hopes were considerably dimmed at that time. Thus the flow of cash rather than prospects of reorganization have been the dominating influence in the market.

In the case of borderline rails, this flow of cash acts very differently. It scarcely reaches long-term issues and therefore they have moved downward in the market, in spite of record earnings. It does reach short-term issues, however, through railroad advance purchasing or setting aside the actual cash to meet maturities. Thus such short-term issues have advanced substantially in the market. Most borderline roads used this cash last year to pay off most or all of their current debt and are piling it up this year definitely to the credit of bondholders. Certain individual issues thus will be favored, while others will be ignored. In the long run, all will be benefited, but no one can be expected to pay much attention these days to the long run. The immediate quick tangible flow of hard cash seems at the moment to be the one realistic factor dominating the market for second-grade rails.

Our New Economy—Total Peace

The United States is today in the midst of creating a controlled economy based upon the necessities of worldwide total warfare. Its characteristics will be controlled prices, controlled interest rates, controlled investing, controlled incomes, controlled employment and controlled spending.

We do not herein attempt to argue the pros and cons of all this, since we consider it inevitable. We merely argue that it is best to look the facts in the face. In the two earlier parts of this series, we enlarged upon two general propositions:

(1) It would be wise to concentrate upon doing as thorough and effective a job as possible in creating this new economy rather than to approach it gradually and half-heartedly in an effort to make the controls as painless as possible. In other words, our best hope of one day relaxing some of these controls is that they should be made thoroughly and scientifically effective today. A halfway job is more likely to be permanent than a thorough-going job.

(2) Under this new controlled economy, the distribution of hardships and rewards among the various sections of our population will not be governed by any test of justice, fairness or equal sacrifice, but rather will be governed only by the pragmatic test, "Will it work—Will it do the job?" In other times, when there is no urgent national purpose, the distribution among our citizens of rewards and penalties is based either on some conception of justice or else on a struggle between social groups in their own self-interest. But in times of national purpose, when society endeavors to act as a single organism, all of these conceptions of justice or struggles for advantage immediately become secondary, and the only criterion for any procedure is, "Will it serve the national purpose?"

The rudest shock of all to a great many people will be the obvious prospect that this new controlled economy of ours will not automatically end at the signing of a peace. These controls are certain to be much more difficult to relax than they are to create.

(Continued on page 2115)

William Carley With Olin, Emery Co. Staff

(Special to The Financial Chronicle)

CHICAGO, ILL. — William M. Carley has become associated with Olin, Emery & Company, 135 South La Salle Street. Mr. Carley was recently with Stokes, Woolf & Co. and prior thereto for many years conducted his own securities business, Carley & Co., in Chicago.

Brady Commodity Mgr. For Abraham & Co.

Abraham & Co., 120 Broadway, New York City, members of the New York Stock Exchange, announce that Charles F. Brady, formerly of Hirsch, Lilienthal & Co., is now associated with them as manager of their commodity department.

Surrenders To Army

DETROIT, MICH.—Carlton M. Higbie Corporation announces that to comply with the request of the United States Army for their present space at 2412 Buhl Building, they have removed their offices to 1912 Buhl Building.

THE BOND SELECTOR

UNITED STATES OF MEXICO

Recent War Declaration Points to Closer Economic Collaboration With The United States and Strengthens Position of the External Debt

The declaration of a state of war between Mexico and the Axis powers means that all the Central American republics now are actively within the United Nations orbit. If past performance is any guide to future actions, this fact will mean closer economic and financial relations between Mexico and the United States; this in furtherance of that collaboration which we have fostered so assiduously in our dealings with other Latin American nations ever since the Rio Conference.

It is perhaps difficult to realize now the wide breach in understanding between Mexico and the United States which existed prior to the inauguration of the Avila Camacho regime. This breach amounted almost to a diplomatic severance, so many and great were the obstacles to be overcome. Confiscation of American oil properties was only the final action on the part of the Mexican Government which added fuel to fire already well kindled by a host of other general and agrarian claims outstanding in behalf of American nationals and corporations.

An extremely important step toward a complete rapproachment was taken late in 1941, upon the signing of a convention, the important terms of which were the following:

1. The United States agreed to purchase monthly six million ounces of Mexican silver, this being worth about $2,100,000.

2. The extension by the United States of a $30,000,000 Export-Import Bank credit for highway development;

3. Negotiation of a reciprocal trade agreement;

4. Assistance on the part of the United States in the stabilization of the Mexican peso by means of a $40,000,000 credit from the U. S. Treasury to the Banco de Mexico;

5. Agreement on the part of the Mexican Government to settle general and agrarian claims of Americans by payment of $40,000,000, and further agreement to undertake settlement of the American oil company claims.

The latter part of this agreement took tangible shape with a recent announcement that the Mexican Government had agreed to pay the United States Government $23,996,000 on behalf of the oil companies as complete settlement of their claims arising from the expropriation a few years ago. This payment would be spread over a five-year period—one-third on July 1, 1942, and the balance in five annual instalments.

The oil companies are by no means satisfied with the amounts to be paid, and since the agreement is not binding on them, will undoubtedly press their entire claims. The important point in the "settlement," however, is that it has the official approval of the United States and for this reason the oil dispute no longer has formal diplomatic standing between the two countries. Whatever the oil companies may do in the future will be issues between these corporations and the Mexican Government, rather than issues between the two governments themselves.

Mexico is an extremely important producer of non-ferrous metals — copper, lead and zinc primarily — and consequently ranks high on the list of those countries whose mineral output is available to the United States. Plans have been afoot for some time to enlarge the output of these metals, through which, it is understood, Mexico will be assured of an export market for these products for several years after the termination of the war. All such plans for expansion in her export trade, in addition to our monthly purchases of silver, mean that Mexican dollar balances will increase sharply and thus will be available both for payment of those claims which already have been settled, and eventually for some payments on the external debt.

It is naturally too early to expect an agreement as to methods of servicing Mexican foreign obligations which have been in complete default for many years. There is no question, however, that financial arrangements already made between this country and Mexico have done a great deal to strengthen the overall position of that country's bonds. Some time ago, a proposition was made by a bondholders' group to exchange present outstanding bonds for new 3s, 2040 in the ratio of 175% of new face value for principal value of old bonds; this proposal suggested that accrued interest through 1925 be waived, the 75% excess par value representing interest capitalized at 5% for the fifteen years prior to Jan. 1, 1941. No further action has been taken on this proposition which appears too liberal for actuality anyway. Application has been made for distribution to bondholders of $7,000,000 in cash now held by the International Committee of Bankers, but there is no way of indicating when such distribution may be made.

Outstanding external obligations follow:

	Outstg. Mil. $	1942 Price Range	Recent Price
Mexico, U. S. of—			
Cons. 5s, 1899-1945	48.3	6½-5⅞	6½
Gold 4s, 1904-1954	37.0	6⅞-5¼	6⅞
Gold 4s, 1910-1945	£10.4	6¾-5⅜	6¾
Ext. Ser. A 6s, 1933	£6.0	6½-6	6½
Irrig. Gtd. 4½s, 1943	21.9	6½-5¼	6½
National Rys. of Mexico—			
Prior Lien 4½s, 1957	84.8	4½-2½	4½
Gen. 4s, 1977	50.7	4½-2½	4½
Treas. Notes 6s, Ext. to 1933	26.7	4½-2½	4½
National RR. Co. of Mexico—			
Pr. Ln. 4½s, 1926 Ext. to 1933	23.0	5 -3	5
First Cons. 4s, 1951	---	-- --	4½

Chicago Bond Traders Announce Field Day

CHICAGO, ILL. — The Bond Traders Club of Chicago has announced that their Annual Field Day and Golf Outing will be held at Crystal Lake Country Club on June 13th. About 300 members and guests are expected to attend.

Wm. P. King Joins Harris, Hall & Co.

William P. King has become associated with Harris, Hall & Co., Inc., 14 Wall Street, New York City. Mr. King was formerly resident partner in New York City of Kaiser & Co., San Francisco.

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

NEW YORK, N. Y.—**Charles R. Leake, 2nd,** has become associated with **Josephthal & Company,** 120 Broadway. Mr. Leake was previously with Craigmyle, Rogers & Co. and D. M. S. Hegarty & Co., Inc.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Alexander Allen,** previously with Brailsford, Rodger & Co. and Dempsey-Detmer & Co., is now with **Leason & Co., Inc.,** 39 South La Salle St.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Frank Joseph English** has become affiliated with **Mitchell, Hutchins & Co.,** 231 South La Salle St. Mr. English was formerly with Ernst & Co.

(Special to The Financial Chronicle)

INDIANAPOLIS, IND.—**Everett F. McCoy** has become associated with **Merrill Lynch, Pierce, Fenner & Beane,** 10 East Market St. Mr. McCoy has recently been engaged in business as an individual dealer and prior thereto was with Hemphill, Noyes & Co. and W. L. Lyons & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Donald R. Davidson** has rejoined the staff of **Bankamerica Company,** 650 South Spring St. Mr. Davidson was formerly with Franklin Wulff & Co., Inc., H. R. Baker & Co. and in the past was with Bankamerica Company.

In The Armed Forces

Hardin W. Masters, manager of the Bond Department of the Chicago office of Hemphill, Noyes & Co., 231 South La Salle Street, was commissioned a Captain in the Army Air Corps and has reported to Scott Field, Ill. Mr. Masters served in the Navy on a destroyer during the last war.

Lester E. Degenstein, partner in Newburger & Hano, 1419 Walnut Street, Philadelphia, Pa., has been commissioned a Lieutenant in the armed forces.

Herbert K. Moss of St. Paul, Minn. has been commissioned a Captain in the U. S. Army Air Corps and will leave St. Paul on June 10th for his station in Miami Beach, Fla. Mr. Moss was formerly associated with Kalman & Co. and the Milwaukee Co.

(Special to The Financial Chronicle)

ORLANDO, FLA.—**Roy D. Kennedy** is representing **Allen and Company.** Mr. Kennedy was formerly with Corrigan, Miller & Co. and W. B. Rogers & Co., Inc.

(Special to The Financial Chronicle)

ST. PETERSBURG, FLA. — **Joseph R. Healy** has become associated with **Guaranty Underwriters, Inc.,** Florida National Bank Building. Mr. Healy in the past was a partner in Healy & Heagerty.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — **A. P. Flett,** formerly with H. R. Baker & Co., has been added to the staff of **Hammill & Co.,** Russ Building.

Cgo. 'Change Names Betts For Fifth Term

CHICAGO, ILL. — Arthur M. Betts, senior partner of Alfred L. Baker & Co., was reelected Chairman of the Board of Governors of the Chicago Stock Exchange for his fifth consecutive one-year term, at the annual election of the Exchange.

Emmet G. Barker, James E. Bennett & Co.; Lyman Barr, Paul H. Davis & Co.; James A. Cathcart, Harris, Upham & Co., and John E. Wheeler, Hicks & Price, were all reelected members of the board to serve three years.

Clarence J. Bridgen, Paine, Webber & Co.; Ralph Chapman, Farwell, Chapman & Co.; Homer P. Hargrave, Merrill Lynch, Pierce, Fenner & Beane, and D. Dean McCormick, Kebbon, McCormick & Co., were elected members of the board to serve three years, and Charles R. Perrigo, Hornblower & Weeks, was elected to a one-year term. They succeed Messrs. Frank E. McDonald, Frank E. McDonald & Co.; Michael J. O'Brien, Paine, Webber & Co.; Paul B. Skinner, Hornblower & Weeks; Charles Swift, Swift, Henke & Co., and a vacancy caused by the death of Lawrence Howe, Shearson, Hammill & Co.

Paul H. Davis, of Paul H. Davis & Co., was elected Chairman of the 1943 Nominating Committee and Chancellor Dougall; Norman Freehling, Norman Freehling & Co.; Michael J. O'Brien, and Frederick R. Tuerk, Fuller, Cruttenden & Co., were elected members of the committee.

Mr. Betts is the first elected head of the Exchange to serve five consecutive terms. R. Arthur Wood, present Governor, served as President for four consecutive terms, from June, 1927, to June, 1931.

On Govt. Service

A. M. Kidder & Co., 1 Wall Street, New York City, members New York Stock Exchange, announce that C. Stanley Reinhart has been given leave of absence to enter the service of the United States Government.

May War Bond Sales Exceed Quota By 5%

Secretary of the Treasury Morgenthau announced on June 1 that May sales of war savings bonds totaled $634,537,000, or about 5% above the $600,000,000 quota for the month. This compares with war bond sales of $530,520,000 in April when no quota was in effect. The increase was attributed in the main to gains in the sale of Series E—or the so-called people's bond.

For June the quota has been raised to $800,000,000 and, beginning with July, it will be $1,000,000,000 a month.

Tomorrow's Markets Walter Whyte Says—

Market continues apathetic to successful bombings of Cologne and Essen. Mexican war entrance has little effect on prices. Market now in position to react—but don't look for set back to go far.

By WALTER WHYTE

Little has happened since the previous column was written to either bring the market, as a unit, down, or give it an upward impetus. So another one of those stalemate affairs with volume way down was the result.

* * *

Meanwhile the tax news remains conspicuous by its absence. The House Ways and Means Committee is still scratching its head about how to raise some 2 billion dollars more. So far it has given the back of its hand to Treasury Department proposals; muttering darkly in its beard instead something about sales taxes.

* * *

The President has asked for a declaration of war against three Nazi satellites, Bulgaria, Hungary and Rumania. But this was anti-climatic. It was interesting to read Senator Tom Connally's (Chairman of the Senate Foreign Relations Committee) statement in connection with this war declaration. He said, "I talked with the President about this matter Saturday. My own idea is that in addition to the fact that these countries (Bulgaria, Hungary and Rumania) have declared war, they are fighting our friends, Russia and the United Nations."

* * *

To get back to the market; its last week's performance and what it can be expected to do this week: Up to this writing prices in most stocks have remained steady. A few of the motors have advanced to new highs but to offset these the rails have gone down. It is obvious that this is not a stock market but a market of stocks. Each stock has to be examined for individual performance. In this light the stocks held by you have not acted badly.

* * *

Of the six stocks recommended here one, Atchison, broke through its stop figure, 34. There probably are a lot of reasons to explain this. Reasons however play no part in the actual business of buying and selling of stocks. A reason, no matter how good, never reduced a loss. The fact

(Continued on page 2116)

Halsey Stuart Offers Public Service Bonds

Public offering was made June 3 of a new issue of $15,000,000 of Public Service Electric & Gas Co. first and refunding mortgage bonds, 3% series, due May 1, 1972, by an underwriting group headed by Halsey, Stuart & Co., Inc., which was awarded the bonds in competitive bidding sale on June 1. The bonds, priced at 104½, are legal for investment by savings banks in New York, Pennsylvania, New Jersey, Connecticut, Massachusetts and other States, according to opinion by counsel for the underwriters.

Proceeds of the sale will be added to cash funds which are being called upon to meet capital and replacement items of about $32,500,000 in addition to contingent items of $500,000. Main items in this program are $13,124,000 for distribution plant; $12,650,000 for production plant; and $5,621,000 for transmission plant.

Other members of the underwriting group are: Ladenburg, Thalmann & Co.; Stone & Webster and Blodget, Inc.; Blair & Co., Inc.; Coffin & Burr, Inc.; Otis & Co.; R. W. Pressprich & Co.; Central Republic Co. (Inc.); Hornblower & Weeks; L. F. Rothschild & Co.; Equitable Securities Corp.; Gregory & Son, Inc.; Adolph Lewisohn & Sons; Moore, Leonard & Lynch; Hirsch, Lilienthal & Co.; Edward Lowber Stokes & Co.; Walter Stokes & Co.; Wurts, Dulles & Co.; Folger, Nolan & Co., Inc.; and Schmidt, Poole & Co.

Railroads Plan To Cut Non-Essential Travel

The Association of American Railroads, at a meeting in Chicago on May 31, adopted a number of measures designed to discourage "non-essential" railroad travel for the duration of the war.

Under the plan, effective June 15, it was explained by John J. Pelley, President of the Association, that the railroads had decided to eliminate advertising used for soliciting travel but will continue institutional advertising, without reducing advertising volume.

Mr. Pelly said the railroads also agreed to discontinue soliciting convention travel, to discontinue operating special trains for conventions, sporting events or any travel considered "non-essential to the war effort" and had agreed to discontinue so-called "luxury" accommodations when it would increase passenger-carrying capacity. He also said that the railroads intend to repair and make available all equipment which will make it possible to carry more passengers in furtherance of the war effort. These measures were adopted especially to ease the expected increased burden on the roads caused by restrictions on the use of rubber and gasoline.

Mr. Pelly said that the railroads were handling 80% more freight and 40% more passengers than they were when the war started in Europe in 1939. There has been no serious congestion of freight, Mr. Pelly stated by reason of any lack of rail transportation so far.

RAILROAD SECURITIES

A pall of gloom has enveloped all sections of the rail market in recent weeks, evident not so much in any broad or heavy liquidation as in a general withdrawing of bids. Publicity given to one large insurance company's policy of withdrawing from the railroad picture, as evidenced in the secondary offerings of substantial blocks of second grade bonds, has added to the fear psychology. This has not even been abated by growing evidence that the regular dividend paying roads are prepared to hold to their previous schedules, and that substantial interest payments are to be continued in the reorganization group. The sharp contrast of these income prospects with the consistent paring of industrial and utility dividends is apparently lost on the investing public.

The prospect of peace is the dominant market consideration, and this angle has been getting considerable stress from many of the large statistical agencies and market commentators. The hopes of an early peace have been dampened by recent Administration announcements, but, obviously it has to end eventually and when that day comes the picture of a debacle in the railroad industry has caught the public fancy. One of the major points in this argument is the permanent nature of the wage increases granted last fall, aggravated by the possibility that there may be a request for further increases shortly, contrasted with the temporary nature of the freight rate increase.

This argument, while superficially convincing, allows no credit for the constant improvement in plant in recent years and the installation of modern equipment at an unprecedented rate under the stimulus of the war needs. The railroads are now at the peak of their efficiency. Moreover, the property rehabilitation that has taken place, and which will take place over the balance of the high earnings period, will allow sharp curtailment of maintenance requirements when, and if, there is a sharp drop in railroad traffic. Operating economies made possible through the installation of modern equipment and the "fat" being accumulated in the nature of current high maintenance will go far towards offsetting higher wage scales, if not actually nullifying them.

The other favorite argument of those offering dire predictions as to the future of the railroad securities is the prospect of even more severe competition in the post-war era. The large shipbuilding program is visualized as a threat to coastal and transcontinental railroads while the development of the aircraft industry is visualized as a threat to all roads. The picture being drawn of a long train of gliders attached to one airplane and released separately over scattered destinations catches the popular immagination.

There is no question but that air transport is going to be a larger factor in the post-war transportation industry and that it will make further important inroads into passenger business. Air transport will also cut more heavily into the fast express business. With respect to the general run of railroad freight business, which is the life blood of the industry, it is virtually impossible to see competition from the air. For one thing, the average railroad freight rate is less than one cent a ton mile and even the largest cargo carrying planes now on the drawing boards are reported to involve operating costs of more than five cents per ton mile. Secondly, there is the matter of availability and convenience. Every plant now has its railroad spur and loading platforms, while it seems hardly feasible for every plant to have its own landing field on which a plane could be let down and taxied to the loading platforms.

The question of the increased steamship competition will obviously depend on the timing and nature of the peace. If submarine activity continues to, or close to, the end of the war there is not apt to be any great plethora of ship bottoms for a considerable time thereafter. If, as seems likely, we are to play a dominant part in the feeding and reconstruction of the world, the demand for ships for foreign service will limit the likelihood of coastal and intercostal competition. Finally, even before the war the steamship lines were finding it difficult, if not impossible, to operate profitably due to their sharply mounting labor costs. This condition is certainly not likely to improve and must eventually result in a narrowing of the price advantage held by the steamship lines.

One other consideration minimized, or entirely overlooked, by the bears on railroad securities is the factor of financial improvement and reduction of debts. The progress along these lines is epitomized by the retirement of some 20% of "Nickel Plate's" debt, exclusive of equipments, in the single year 1941, and Southern Pacific's retirement of more than $34,000,000 of non-equipment debt last year. These programs are still going forward through liquidation of floating debt and open market purchases of discount bonds. In some instances the retirement of debt and consequent reduction in charges has already put marginal roads in a position apparently virtually immune to depression influences, and this list will be increasing steadily as the period of high earnings continues. Admittedly there are some properties apparently faced with insuperable difficulties in a post-war period, and selectivity is more important than ever. Just as obviously, however, general pessimism is not called for, particularly as the end of the period of record earnings is not even in sight yet.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: High—40⅜; low—14¾; last 34¼.

DIVIDEND NOTICES

Beneficial Industrial Loan Corporation

DIVIDEND NOTICE

Dividends have been declared by the Board of Directors, as follows:

PRIOR PREFERENCE STOCK
$2.50 Dividend Series of 1938
62½c per share
(for quarterly period ending June 30, 1942)

COMMON STOCK
37½c per share

Both dividends are payable June 30, 1942 to stockholders of record at close of business June 15, 1942.

E. A. BAILEY
June 1, 1942 *Treasurer*

American Locomotive Company

30 CHURCH STREET
NEW YORK, N. Y.

Preferred Dividend No. 136

A dividend on the Preferred Capital Stock of this Company of $1.75 per share on account of accumulated dividends has been declared payable June 24, 1942, to the holders of record of said stock at the close of business on June 9, 1942.

Transfer books will not be closed. Checks will be mailed by the Bankers Trust Company on June 23, 1942.

JOHN D. FINN
May 28, 1942 *Secretary*

ANACONDA COPPER MINING CO.
25 Broadway
New York, N. Y., May 28, 1942
DIVIDEND NO. 136

The Board of Directors of the Anaconda Copper Mining Company has declared a dividend of Fifty Cents (50c) per share upon its Capital Stock of the par value of $50. per share, payable June 29, 1942, to holders of such shares of record at the close of business at 3 o'clock P. M., on June 9, 1942.

JAS. DICKSON, Secretary & Treasurer

THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY
New York, N. Y., May 28, 1942.

The Board of Directors has this day declared a dividend of Two Dollars and Fifty Cents ($2.50) per share, being Dividend No. 87, on the Preferred Capital Stock of this Company, payable August 1, 1942, out of undivided net profits for the year ending June 30, 1942, to holders of said Preferred Capital Stock registered on the books of the Company at close of business June 26, 1942.

Dividend checks will be mailed to holders of Preferred Capital Stock who have filed suitable orders therefor at this office.

D. C. WILSON, Assistant Treasurer.
120 Broadway, New York, N. Y.

J. I. Case Company

Incorporated
Racine, Wis., June 1, 1942.

A dividend of $1.75 per share upon the outstanding Preferred Stock of this Company has been declared payable July 1st, 1942, to holders of record at the close of business June 12th, 1942.

THEO. JOHNSON, Secretary.

THE CHESAPEAKE AND OHIO RY. CO.

A dividend for the second quarter of 1942 of one dollar per share on Preference Stock, Series A, and of seventy-five cents per share on $25 par common stock will be paid July 1, 1942, to stockholders of record at close of business June 8, 1942.

Transfer books will not close.

H. F. LOHMEYER, Secretary.

DU PONT

E. I. DU PONT DE NEMOURS & COMPANY

WILMINGTON, DELAWARE: *May 18, 1942*

The Board of Directors has declared this day a dividend of $1.12½ a share on the outstanding Preferred Stock, payable July 25, 1942, to stockholders of record at the close of business on July 10, 1942; also $1.00 a share, as the second "interim" dividend for 1942, on the outstanding Common Stock, payable June 13, 1942, to stockholders of record at the close of business on May 25, 1942.

W. F. RASKOB, *Secretary*

INTERNATIONAL MINERALS & CHEMICAL CORPORATION
Chicago, May 27, 1942

The Board of Directors has this day declared out of earnings a dividend of $1.00 on the 4% Preferred Stock of the Corporation for the quarter ending June 30, 1942. The dividend is payable June 30, 1942 to stockholders of record at close of business June 22, 1942. The books will not close.

ROBERT P. RESCH, Treasurer.

JERSEY CENTRAL POWER & LIGHT CO.
PREFERRED STOCK DIVIDENDS

The Board of Directors has declared the following regular quarterly dividends: the 69th qtly. div. of $1.75 on the 7% Preferred Stock; the 60th qtly. div. of $1.50 on the 6% Preferred Stock; and the 44th qtly. div. of $1.37½ on the 5½% Preferred Stock. Payable on July 1, 1942 to stockholders of record at the close of business June 10.

R. R. BOLLINGER, Treasurer.

DIVIDEND NOTICES

CELANESE CORPORATION OF AMERICA

180 MADISON AVE. • NEW YORK, N. Y.

THE Board of Directors has this day declared the following dividends:

5% CUMULATIVE SERIES PRIOR PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.25 per share, payable July 1, 1942 to holders of record at the close of business June 16, 1942.

7% CUMULATIVE SERIES PRIOR PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.75 per share, payable July 1, 1942 to holders of record at the close of business June 16, 1942.

7% SECOND PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.75 per share, payable July 1, 1942 to holders of record at the close of business June 16, 1942.

COMMON STOCK

A dividend of 50¢ per share, payable June 30, 1942 to holders of record at the close of business June 16, 1942.

JOHN A. LARKIN,
Vice-Pres. & Sec'y.

June 1, 1942

MARGAY OIL CORPORATION
DIVIDEND NO. 48

The Board of Directors of the MARGAY OIL CORPORATION has this day declared a dividend of twenty-five cents a share on the outstanding stock of the corporation of the issue of 160,000 shares provided by amendment to the certificate of incorporation of April 27, 1926, payable July 10, 1942, to stockholders of record at the close of business June 20, 1942.

E. D. OLDENBURG, Treasurer.
Tulsa, Oklahoma, June 1, 1942.

NATIONAL DAIRY PRODUCTS CORPORATION

A dividend of 20¢ per share on the Common stock has been declared, payable July 1, 1942, to holders of record June 8, 1942.

GEORGE H. RUTHERFORD
May 28, 1942 *Treasurer*

The United Corporation

$3 Cumulative Preference Stock

The Board of Directors of The United Corporation has declared a dividend of $3.00 per share, on account of arrears, upon the outstanding $3 Cumulative Preference Stock, payable June 15, 1942, to the holders of record at the close of business June 8, 1942.

THOMAS H. STACY, *Secretary.*
Wilmington, Delaware
May 27, 1942.

GUARANTY TRUST COMPANY OF NEW YORK
New York, June 3, 1942.

The Board of Directors has declared a quarterly dividend of Three Per Cent. on the Capital Stock of this Company for the quarter ending June 30, 1942, payable on July 1, 1942, to stockholders of record June 10, 1942.

MATTHEW T. MURRAY, JR., Secretary.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on June 1 that the tenders for $250,000,000, or thereabouts, of 91-day Treasury bills to be dated June 3 and to mature Sept. 2, which were offered on May 29, were opened on June 1 at the Federal Reserve banks.

The details of this issue are as follows:

Total applied for ____ $496,574,000
Total accepted _____ 251,301,000

Range of accepted bids (excepting two tenders totaling $12,000):

High — 99.925, equivalent rate approximately .297%.

Low — 99.906, equivalent rate approximately .372%.

Average price—99.908, equivalent rate approximately .365%.

(20% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on June 3 in amount of $150,477,000.

Bank and Insurance Stocks

This Week — Bank Stocks

Another "crucial" dividend meeting period for the bank stocks has arrived, and for the current first two weeks of June, dealers and investors will be watching intently for dividend news.

Since entry of the United States into World War II and the resultant looming of higher taxes as a serious earnings inroad, three major banks have reduced long-maintained dividends. At the December, 1941, dividend meetings, First National of New York reduced its dividend rate 20%, from $100 to $80 per share annually, thus marking the first reduction since the bank took over from the former security affiliate the full load of maintaining the boom years' dividend income of stockholders of $100 per share.

New York Trust, another bank which had successfully maintained its 1929 rate, $5 per share, throughout the long period of declining money rates, finally also decided to reduce their rate by 30%, from $5 to $3.50 per share annually.

Other leading banks, however, maintained their regular dividends for the fourth quarter of 1941, and in fact two banks declared extras — Manhattan, the usual 10¢ per share year-end extra dividend, in addition to regular 20¢ quarterly (80¢ regular annual rate); and Public National, a special year-end distribution of 50¢ per share, in addition to the regular quarterly payment of 37½¢ ($1.50 regular annual rate). U. S. Trust has also maintained its extra of $10 per share, in addition to the regular quarterly of $15 ($60 regular annual rate).

At the March, 1942, dividend meetings, the threat of materially higher taxes became more definite as Secretary of the Treasury Morgenthau recommended a surtax of 31%, compared to 7% for 1941. This increase seemed too steep, and it was believed a compromise increase would be enacted by Congress. Nevertheless, Bankers Trust announced a 30% reduction in dividend on the same day that Secretary Morgenthau spoke, from $2 to $1.40 per share annually. This marked the second reduction in dividend by Bankers Trust since 1929.

No other dividend casualties occurred in the second quarter of 1942, although some banks subsequently reported lower earnings after provision for higher taxes in the second quarter. Guaranty Trust, for example, declared the regular quarterly dividend of $3 per share ($12 annual rate), although it reported earnings of just $3 per share for the quarter, all the excess of earnings over dividend for the quarter, it is understood, being ploughed back to build up tax reserves.

Since that time, the threat of a 31% surtax has been modified by the House Ways and Means Committee, and a 16% surtax appears to be in line instead. This increase in surtax, while severe, may not cause the first-feared drop in bank earnings when the 31% rate was proposed, considering the huge increase in earning assets likely to be brought about by large-scale bank expansion in holdings of Government securities to finance the war. In fact, depending on how large the expansion would be in the particular case, there would be a definite probability of moderately better bank earnings, despite higher taxes and other costs. This is indicated by the published estimate that commercial banks may be called upon to absorb $22,000,000,000 as their portion of Government financing for the 1943 fiscal year; and by conservatively figuring only 1% gross return and .6% net after 40% scale of normal tax and surtax, on medium term Government issues as far as the New York City banks are concerned.

Bankers, of course, are not viewing this forthcoming expansion in Governments as a money-making opportunity, to create more gross earnings and thus offset rising costs. On the contrary, it is viewed as a patriotic duty, fraught with some serious implications for the longer term future of solvency. Whatever benefit is derived from improvement in gross is overshadowed by the heavily invested position in Governments which will result. Government securities alone now stand at 5 times capital accounts of New York City member banks, and should they take 30% of the total Governments estimated for commercial banks for the 1943 fiscal year, their holdings would nearly double, and the ratio of Governments alone to capital funds would jump to over 9:1.

This 30% estimate of New York's share is not extreme, as New York City member banks alone have nearly one-fourth of total commercial bank earning assets, and in the 1941 fiscal year, they took 50% of the total commercial bank expansion in Governments, without the pressure and compulsion that wartime entails. In the 1940 fiscal year, in fact, New York banks were about the only group doing any buying, adding $1,002,000,000 more Governments compared to total commercial bank expansion of only $855,000,000 for that year.

Granted that the volume aspect of expansion is staggering, the liquidity aspect should not cause concern. If the maturities placed on new Treasury financing through the commercial banks are kept short-term, the rise in the quantitative ratio would be tempered by the continued high standard of the qualitative ratio—the expansion would not mean deterioration in the soundness and liquidity of assets. Furthermore, if the banks are to perform their wartime duty of financing the war deficits, their solvency and stability is a matter of increased

(Continued on page 2112)

FINANCIAL NOTICE

The New York and Greenwood Lake Railway Company Prior Lien Bonds

By a letter dated April 16, 1942, Erie Railroad Company made an offer to the holders of the above Bonds. As permitted by the terms of the offer, the Exchange Date has been postponed to July 1, 1942. The condition of the offer respecting Interstate Commerce Commission authority has been fulfilled. On or before July 1, 1942, Erie Railroad Company will announce whether the remaining condition, which relates to the percentage of the Bonds deposited, has been fulfilled and will declare whether or not the exchange is operative.

Holders of the Bonds who have not received the letter of April 16, 1942, and attached papers should obtain them from

J. K. THOMPSON, *Vice-President,*
ERIE RAILROAD COMPANY,
Midland Building, Cleveland, Ohio.

June 2, 1942.

THE AMERICAN BRAKE SHOE AND FOUNDRY COMPANY

Earnings Statement for Twelve Months Ended April 30, 1942

In accordance with the provisions of Section 11(a) of the Securities Act of 1933, as amended, The American Brake Shoe and Foundry Company has made generally available to its security holders an earnings statement for the twelve months' period from May 1, 1941, to April 30, 1942. Copies of such earnings statement will be mailed on request to the Company's security holders and other interested parties.

THE AMERICAN BRAKE SHOE AND FOUNDRY COMPANY
By WM. B. GIVEN, Jr.,
President

230 Park Avenue, New York, N. Y.
June 4th, 1942.

The Securities Salesman's Corner

An Old Adage Of Salesmanship Worth Repeating!

Don't attempt to sell a man while he is standing erect—always wait until he is seated whenever you try for the order.

One would imagine that this shop-worn, old axiom, of successful salesmanship, would not need repetition after these many years that teachers, salesmanagers and successful salesmen in all lines have been stressing this simple fact. Yet every day many salesmen still waste their energies and countless salestalks on prospects, who, for the reason that they are standing erect during the sales presentation, and for possibly no other reason, refuse to give the salesman an order.

There is something inherent in the behavior of human beings, that when they are standing on their feet they have the power to resist—to say "no" rather than "yes." This isn't bunk—it is a psychological truism.

One of the best illustrations that we have ever witnessed of the efficacy of the "get them to sit down method," happened several years ago in a prominent physician's office. He was the head doctor of a large life insurance company. An irate individual was brought in to see the doctor by one of the general agents in order to mollify him regarding the reasons for this fellow's rejection on a very large insurance policy. When the angry reject came into the office he immediately began to abuse the company, its officials, and it looked as if he wasn't going to spare the good doctor.

Instead of coming back at the fellow, the doctor lowered his voice and quietly yet firmly said, "Sit down, Mr. Jones." While he spoke he casually pulled out a chair. You could actually see Jones' temperature drop. As soon as his carcass lit on that comfortable chair HE RELAXED—his face changed—the fight was out of him. Ten minutes later he left the doctor's office completely satisfied. He had "got it off his chest." His anger was gone and his parting remark was, "Thanks Doc, glad we could clear this up, pleased to have met you!"

There are certain phenomena in human nature that psychologists call impulses. The practical salesman only knows them as actions and reactions. Give a man a pen—his first reaction is to write. Draw a line on a paper while talking to another person—their eyes will automatically follow the pencil point. Look out of the window—your listener will also look. Show a man an easy chair, place him in comfortable, substantial surroundings and your chances of interesting him in your proposition are multiplied many times over.

Do you remember those "Fireside Chats"? The very words imply comfort, confidential discussion, ease, and happy days ahead. We leave it to our readers to decide if the fellow who made those speeches didn't have this angle of salesmanship down to a fine science. And did he make it work for him? You also know the answer to that one.

Compares British, U. S. Use Of Tap Issues

The following is from the June 1 "Monthly Review," issued by the Federal Reserve Bank of New York:

The new registered 2½% bonds resemble certain so-called tap issues sold by the British Government, with the important difference that the British tap issues usually have been on sale for far longer periods. Several other foreign governments have also used tap methods of financing, but the British experience is probably of most interest in this country.

In the financing of its war effort the British Government has relied extensively upon various tap issues which, being unlimited in amount and continuously open to subscription for extended periods, are designed to absorb current savings as they accrue. This device was also widely used during and immediately after the first World War. Current tap issues are of two main types which, for want of better terms, may be designated as "large savings" and "small savings" tap issues, respectively. The former are designed to appeal to institutional and other large investors, and are negotiable. Since the outbreak of the war there have been five of these issues, which have accounted for the great bulk of the Government's medium and long term financing, and up to the end of March, 1942, had yielded almost £2,000,000,000. There have been three separate issues of 2½% National War Bonds, maturing in 1945-47, 1946-48, and 1949-51, respectively, and two issues of 3% Savings bonds, maturing in 1955-65 and 1960-70, respectively. At the present time, only the 2½% National War bonds 1949-51 and the 3% Savings bonds 1960-70 are on tap.

The "small savings" tap issues —the counterpart of the present Series E War Savings bonds in the United States—have been designed for wage earners and others of limited incomes, and include an issue of National Savings certificates and an issue of 3% Defense bonds, both of which were placed on tap in November, 1939. These issues are not negotiable but are redeemable at any time on short notice. From November, 1939, to the end of March, 1942, these issues had realized £879,000,000.

In December, 1941, the British Government also placed on tap an issue of Tax Reserve certificates —similar to our Tax Series Treasury notes—which bear interest at 1% per annum if tendered in payment of taxes.

The most conspicuous example of tap financing by the United States Government is, of course, the United States Savings bonds, which first went on sale March 1, 1935. Sales of these bonds have aggregated nearly $10,000,000,000, of which $6,000,000,000 have been sold since May 1, 1941, when the present National Defense Series were inaugurated. Provisions relating to the eligibility of particular types of purchasers, terms of redemption, maximum limits for individual purchasers, and other features have been changed from time to time, but, subject to these changes, Savings bonds have been available "on tap" continuously for more than seven years.

Other United States Treasury issues "on tap" are 2% Depositary bonds, issued only to banks for use in securing certain deposits of the Federal Government, and the Tax Series Treasury notes, designed to aid taxpayers in making provision for future tax payments. Of the Depositary bonds $77,000,000 have been sold since they were first made available a year ago. More than $3,500,000,000 of the tax notes have been purchased since they went on sale Aug. 1, 1941. (Of these, $620,000,000 have been turned in for payment of taxes.)

The so-called "tap" issue (2½% registered bonds of 1962-67) was offered on May 4 and at the close of the subscription books on May 14 it was disclosed that a total of $882,078,700 was sold; for details see these columns of May 21, page 1952.

Rails In Good Position

With their cash position at near-record strength, their debt reduced, and operating efficiency at an all-time peak, Class I Railroads can successfully meet their post-war competition, according to a study just released by Distributors Group, Incorporated, 63 Wall Street, New York City. Concerning the ability of the roads to survive a depression period, the study includes a projection showing that, based on an operating ratio of 70%, and current interest charges, the roads could cover their fixed charges even on traffic volume as low as that of 1932.

To illustrate the achievements of railroad management in improving the industry's position, the study includes a tabulation comparing results in 1941 with 1930, a year in which operating revenues were about the same as in 1930.

With operating revenues in 1941 only 1.2% higher than in 1930, Class I Roads reported a total wage bill of 8.4% less than in 1930; total operating expenses 6.8% less, an operating ratio of 68.5% as against 74.4% in 1930, a reduction of 11.8% in fixed charges, an increase of 15.0% in net railway operating income, a 64.3% increase in cash, and a 10.7% decrease in debt.

According to the Distributors Group study, the reasons for this improvement in the railroads' position as compared with 1930 can be summarized "More powerful locomotives pull heavier freight cars carrying record train loads at new record speeds, but the roads require fewer locomotives, fewer freight cars and fewer men for railway operations, so that rail management gets more efficiency per worker, more for each dollar in wages, as well as greater use from each freight car, and each locomotive in service, resulting in record low operating expenses."

Copies of the study may be had from Distributors Group upon request.

Tractions & Utilities Attractive At This Time

Continuing their series of studies on the tax situation, Strauss Bros., 32 Broadway, New York City, in their current bulletin "It's an Ill Wind . . . ," point to the favorable status of both Traction and Public Utility securities. Due to the rubber shortage, which will not be quickly overcome because the Japanese phase of the war is likely to be prolonged beyond the end of active hostilities in Europe, the study states, the traction companies will carry the full load of local transportation, with increased revenues bound to follow. The public utilities are aided by the proposed milder increases in surtax rates and are in a favorable position due to heavy capital investments which practically relieves them of excess profits taxes. With the sharp deflation that has taken place in utility values, an unusual opportunity is afforded for obtaining substantial income return out of all proportion to the real values in some of these securities, the study concludes.

Copies of the Bulletin may be had from Strauss Bros. upon request.

Cohu-Torrey Announce New Newark Office

Cohu & Torrey, members of the New York Stock Exchange, announce the opening of a Newark, N. J. office at 24 Commerce Street. Associated with the firm in the Newark office will be F. Eugene Walton, J. Harold Kottman and Corliss A. Tazelaar. Mr. Walton in the past was with G. L. Ohrstrom & Co., Inc. Messrs. Kottman and Tazelaar were with Campbell & Co. and Good & Lord, Inc.

Investment Trusts

Investment Company Shares For Estates

If the impact of Federal and State income taxes hasn't already knocked the last vestige of complacency out of investors, the renewed threat of multiple estate taxes likely will.

This threat of multiple inheritance taxation arises out of the recent Supreme Court decision (Utah vs. Aldrich) upholding the right of a state to assess inheritance taxes on the stock of a domestic corporation even though the decedent owner was not a resident of that state. In the decision cited, the State of Utah had levied an estate tax against stock of the Union Pacific Railroad (Incorporated under the laws of Utah) held in the estate of a legal resident of New York. Thus, the stock of Union Pacific Railroad held by this estate became subject to the estate taxes of the Federal Government, the State of Utah and the State of New York. Under this ruling, an estate holding the stocks of corporations incorporated under the laws of several states would be subject to the inheritance taxes of those states, making it necessary to pay inheritance taxes to perhaps 15 or 20 different states in addition to the decedent's state of legal residence.

The advantages afforded by investment company shares in solving this vexing problem are obvious. Through ownership of such shares the investor acquires an interest in broadly diversified lists of securities but avoids the multiple taxes involved in the individual ownership of stocks of companies located in several different states. Moreover, the attendant estate problems of safekeeping, accounting, appraisal, and transfer of ownership are greatly simplified.

Investment Company Reports

National Securities Series:

Total net assets as of the fiscal year ended April 30, 1942 amounted to $2,599,554.59 divided among the five Series as follows: Bond Series, $555,305.04 or $5.91 per share; Low-Priced Bond Series, $1,371,680.50 or $4.87 per share; Preferred Stock Series, $147,795.59 or $5.16 per share; Income Series, $493,064.41 or $3.36 per share; Low-Priced Common Stock Series, $31,709.05 or $1.68 per share. Growth of these combined Series since their original offering in the early autumn of 1940 has been both steady and substantial as indicated in the following table:

	No. of Shareholders	Shares Oustdg.	Total Net Assets
Oct. 31, 1940	203	69,883	$335,369
Apr. 30, 1941	726	223,512	1,078,599
Oct. 31, 1941	1,140	344,021	1,634,956
Apr. 30, 1942	1,732	569,892	2,599,555

In his comments to shareholders, H. J. Simonson, Jr., President of the sponsor organization, National Securities & Research Corporation, made an interesting point with regard to wartime investing. "Strange as it may seem," he said, "the fact that our country is now at war clarifies many of the problems of experienced investment management. For instance, it is clear that production will continue at a high level in certain industries while others will suffer declines. It is also apparent that Federal corporate income and excess profits taxes will increase, and that certain corporations are accordingly going to suffer much more thereby than others. Price ceilings, wages, higher costs, transportation, priorities, social changes and political philosophies are but a few of the many influences to be watched for their effects on different industries and their securities, but the fact that we are in a war economy clarifies the direction that these developments are likely to take."

Keystone Custodian Fund, Series "B2":

This Series, one of 10 Keystone Funds, reported total net assets of $5,816,848.66 as of the fiscal year ended April 30, 1942. (Total net assets of the combined Funds amounted to approximately $32,700,000 as of the same date.) On a per-share basis the net asset value of this Series was $21.45 as of April 30, 1942 and compared with previous years as follows:

Fisc. Yr. Ended April 30	Net Asset Value at Beginning of Fiscal Year	% Distributions per Share, of Net Asset Val.
1939	$19.19	8.9%
1940	20.19	8.4
1941	21.29	7.7
1942	22.51	*9.3

*Including a special distribution of 2.2%.

The report points out that during the last four fiscal years the Dow-Jones Industrial Average has declined 14.3% while the net asset value of Series "B2" has increased 11.7%. It is also interest-

(Continued on page 2113)

Municipal News & Notes

Dealers and others ordinarily active in local government securities continue cautiously optimistic pending more definite disposition of proposals for eliminating the tax-exemption feature of outstanding issues. Last month the House Ways and Means Committee by an overwhelming vote rejected Treasury proposals for ending tax-exemption on municipal bonds, but this action did not settle the question for good.

Revenue bonds outstanding against important toll bridges, tunnels and related projects in the East showed almost no change last week, as investors held to the side-lines awaiting more clear-cut evidence as to the probable ultimate effect of gasoline rationing and other restrictions on income of the supporting properties.

Some further progress was indicated on distribution of unsold balances of issues that previously had come to market. The entire unsold portion of bonds in the Detroit account was taken over by a new group which reoffered them at the original prices, with the exception of a small concession on one of the intermediate maturities.

Largest municipal sale this week was the award on Tuesday to a group headed by Blyth & Co., Inc., of $7,062,000 of Buffalo (N. Y.) Municipal Housing Authority, Series A, bonds on an interest-cost basis to the authority of 1.945%. The successful bid was 100.12 for $267,000 as 3s, $1,128,000 as 1.80s, $2,594,000 as 1.90s and $3,073,000 as 2s.

The balance of $1,247,000 needed by the Buffalo Housing Authority to complete the refunding of the $8,309,000 of outstanding bonds will be taken by the Federal Public Housing Authority as 3% Series B bonds, maturing from Nov. 1, 1978 to 1982.

$2,500,000,000 In Tax Revenues Transferred Between Government Levels in 1941

Approximately one out of every $6.00 of the $17,300,000,000 tax bill collected during 1941 by Federal, State and local governments was transferred by the agency collecting to another level of government, an analysis by the Federation of Tax Administrators showed today.

The exchange of funds—amounting to $2,500,000,000—was mainly through grants-in-aid and shared taxes, the Federation said. The former are appropriations made usually to aid specific functions and are given either by the Federal Government to the States or localities, or by the States to local governments. The latter are specified portions of State-collected revenues assigned to local governments, but not necessarily earmarked for certain functions.

Last year State governments played the most prominent role in the inter-governmental transfers, supplying funds to localities totaling $1,700,000,000, of which $500,000,000 were shared taxes. Federal grants-in-aid to the States totaled $744,000,000, while Federal grants to local governments amounted to $96,000,000.

Thus, while the Federal Government collected 45% of the Nation's taxes, the States 26%, and the local governments 29%, the final tally of revenue allocation showed division of the tax dollar to be approximately 40% Federal, 21% State and 39% local.

Comparison of the Federal and State aid distributed in 1941 with the grants and shares exchanged in 1938 shows a larger proportion was transferred last year for welfare purposes, while allocations for education remained almost constant, and highway aid diminished.

Federal aid to other levels of government, it was pointed out, has been constantly increasing since 1925 and will probably rise more rapidly this year with respect to local governments as a result of the war.

The analysis is based on figures from the U. S. Bureau of the Census.

Municipal Rating Book Being Compiled

J. Austin White, President of J. A. White & Co., Union Central Building, Cincinnati, Ohio, informs us that he expects to have completed in the near future the compilation of statistics for a book he intends to publish, which will show ratings for every county in the United States and for every city of 10,000 or more population. These ratings, Mr. White states, are based upon actual and rather detailed statistical analyses of information presented in the 1930 and 1940 census reports, covering the characteristics of the population and the types and diversification of industry.

Since the information as it is expected to be presented, will be something new to municipal bond buyers, Mr. White feels that it should be of considerable benefit to dealers and investors. When printed, the book will sell for about $10 a copy.

Michigan Municipal Quote Sheet

The regular Michigan Municipal Bond Quotation sheet, formerly issued by Crouse & Company, is now being released by the consolidated firm of Crouse, Bennett, Smith & Company. This quotation sheet shows the nominal or bid side of the market on all Michigan municipal bonds outstanding, as well as complete description on most issues. Copies may be secured free upon request from Crouse, Bennett, Smith & Company, 2780 Penobscot Building, Detroit.

Chicago's Growth Surveyed In New Book

An important addition to the municipal bond dealers' reference library was made this week in the form of a book entitled "Forty-four Cities in the City of Chicago," issued by the Chicago Plan Commission.

This is the most complete story of Chicago's many cities within a city that has been published, as far as can be discovered. It is an important contribution because the growth of Chicago, its financial and industrial development, frequently has been attributed, in part at least, to its decentralized business communities.

This book covers not only the historical background of the separate communities, which together comprise the entire city, but also analyzes the economic factors which have played a part in shaping their individual characteristics as they now exist. In addition, the study projects the present trends in each community into the future and offers definite suggestions as to what can be done in the way of intelligent planning to aid the outlook for each and to correlate these improvements to the master plan for the entire city.

(Taken from an article appearing in the Chicago "Journal of Commerce," May 28, 1942.)

Senate Group Approves Municipal Bankruptcy Extension

The Senate Judiciary Committee approved on June 1 the bill previously ratified by the House, extending the provisions of the Municipal Bankruptcy Act from the current expiration date of June 30, 1942, to June 30, 1946.

N. Y. State Fiscal Year Change Vetoed

Governor Lehman recently vetoed the Moffat Bill proposing a change in New York State's fiscal year from July 1 to April 1, and providing for the quarterly payment of 1942 personal income taxes. Although the quarterly payment provision followed the Governor's own recommendations, he said it was impossible to approve that part of the bill without signing the bill as a whole. He pointed out, however, that a bill to effectuate this one change can be passed early in the 1943 session, making it effective for next year's payments.

"In this connection, however," Governor Lehman said, "it is interesting to note that relatively few taxpayers availed themselves this year of the right to pay in instalments. Although the taxpayers now have the right to pay in three instalments, only 11% of the taxpayers availed themselves of this privilege."

Pennsylvania Governor Forecasts Tax Cuts

Governor James of Pennsylvania reported last week "present indications" were that the 1943 Legislature would have the "pleasant and most unusual task" of deciding which State taxes to reduce. "For the first time in many years," the Chief Executive said, "Pennsylvania reaches the end of a fiscal period with its books in the blue instead of in the red."

Asbury Park Debt Plan Approved

A New Jersey statute of 1933 providing for the composition of indebtedness of a municipality's obligations upon approval of 85% of the creditors was held constitutional Monday by the United States Supreme Court, as applied to a plan reducing the $10,750,000 indebtedness of Asbury Park.

The Asbury Park plan was challenged by the Faitoute Iron and Steel Company of New Jersey and others, holders of some of the city's bonds. They contended that the legislation impaired the obligation of pre-existing contracts.

Under the legislation, a State Supreme Court justice was authorized to approve a composition plan ratified by the required creditors if the municipality was unable to pay in full, if the adjustment was "substantially measured by the capacity of the municipality to pay," and if it was "in the interest of all the creditors."

Iowa Property Tax Eliminated

Governor Wilson recently wiped off the books the 1-mill Iowa State property tax levy. This action means there will be no taxes collected against real estate in 1942 for the State general fund. The State levy this year is expected to produce $2,970,589.

"With the increased taxes that are necessary to win the war," the Governor said, "I feel that the State should do all within its power to relieve the burden on the taxpayer so that he can more easily make his contribution to the National Government.

California Leads Nation in War Contracts

California leads all States in the total volume of war production contracts, according to a survey of the Research Department of the State Chamber of Commerce.

The survey, based on WPB tabulations, shows California contracts totaled $4,449,086,000 during the 21 months' period ending February, for approximately 10% of the national total.

Total awards for the three Pacific Coast States amounted to $6,164,693,000, with contracts of $1,295,015,000 in Washington and of $370,592,000 in Oregon.

Louisiana Reorganization Program Held Illegal

The whole of Governor Sam H. Jones' 1940 reorganization program was invalidated recently by the Louisiana Supreme Court. Several months ago the High Court held that Act No. 384, the reorganization Act amendment, was unconstitutional, and in this latest ruling it held that Acts Nos. 47 and 48, the administrative and fiscal codes setting up the actual reorganization, also were invalid.

Massachusetts Local Units Facing Gloomy Tax Outlook

Massachusetts cities and towns were warned last week by Henry F. Long, State Tax Commissioner, to cushion themselves against a "restriction in tax-paying ability" for 1943. Terming the 1943 revenue prospect "most distressing," he stated that the normal yield of gasoline and motor vehicles taxes was likely to show a 50% decrease.

Mr. Long asserted that the gasoline and rubber shortages also would diminish the value of properties used for the manufacture, repair and sale of automobiles.

"The war activity will lessen tremendously values of properties of every kind and nature subject to taxation in Massachusetts," he added.

More On the Arizona Bond Refunding Ruling

The H. G. Hanchett Bond & Investment Co., Phoenix, Ariz., reports in part as follows:

Possibly you have heard that on May 4 last the Arizona Supreme Court rendered a decision that Maricopa County could refund their outstanding serial bonds, although they are not optional. It is figured, of course, that, if under the law, Maricopa County can so refund its bonds with lower rate securities, all other municipalities in the State can do likewise. That would mean, of course, that under this ruling no Arizona Municipal bonds are worth more than par and interest.

Our State Attorney General has petitioned the Supreme Court for a rehearing, but whether this will be granted or not, no one knows.

Missouri Code Revision Committee Formed

A State-wide committee for revision of Missouri's 67-year-old Constitution was formed recently and pledged to an educational drive for votes in November's election for a constitutional convention proposal.

It is said that the new committee will avoid championing any particular proposals or theories, holding that this is properly done only after deciding whether or not a revision convention is to be called.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over — short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

June 8

$1,000,000 Detroit, Mich.
This offering consists of street railway equipment trust certificates. Last similar financing took place in July, 1939, the award going to John Nuveen & Co. of Chicago, and Miller, Kenower & Co. of Detroit, jointly.

June 15

$7,900,000 Seattle, Wash.
In March this city awarded an issue to a syndicate headed by John Nuveen & Co. of Chicago. Next best in the bidding was an offer submitted by Blair & Co., Inc., and associates.

June 16

$1,792,000 Albany, N. Y.
Last June this city awarded bonds to a syndicate headed by the Bankers Trust Co. of New York, whose bid topped that submitted by Halsey, Stuart & Co., Inc., of New York, and associates.

Bank & Insurance Stocks

(Continued from page 2110)

concern to the Government, because of their importance to the war financing program. Latest advices from Washington indicate that this reciprocal duty of the Government to the banks is fully recognized to keep money rates level, supply needed reserves, and furnish adequate market support to the Government securities market.

The two factors which have caused recent dividend reductions are: (1) rise in taxes; (2) the declining capital ratio to the deposits and earning assets. Under a 16% surtax, there seems to be a probability that the expansion in Government securities even at low rates would create sufficient improvement in gross earnings to offset higher taxes and leave a margin for other costs. And as far as the capital ratios are concerned, reductions or even complete elimination of dividends in the face of mountainous increases in holdings of Governments would seem useless, if intended seriously as a means of holding up falling capital ratios. It would therefore seem reasonable for banks to adopt a more constructive attitude toward maintenance of present dividends. This is not a case of passing on "war profits" in fatter dividends at the expense of adequate valuation reserves, but of merely maintaining present dividends justified by current earnings.

Guaranty Trust stock, one of the issues on the borderline as far as first quarter coverage of its present dividend is concerned, has firmed up well past the 200 level recently, after having been below it for some time this year. Whether this reflects a better outlook for maintenance of dividends or merely sympathetic improvement with the general market remains to be seen. It would seem, however, that if a reduction were in order, much appreciation past 200 would not appear logical. Hypothetically, Guaranty at over 200 on say a 16⅔% lower dividend would not be as attractive on a yield basis as New York Trust or First National, for example, which have already adjusted their dividends downward by 30% and 20%, respectively.

Closes N. Y. Office

The firm of John B. Carroll & Co., which recently celebrated its tenth anniversary, announces that due to the fact that several members of the firm plan to enter the armed forces, the New York office will be closed for the duration of the war. However, the Newark office, at 24 Commerce Street, Newark, N. J., will remain open for the conduct of business.

Investment Trusts

(Continued from page 2111)

ing to note that the market value of securities held as of April 30, 1942 exceeded their cost by approximately $51,000.

First Mutual Trust Fund:

Net asset value as of April 30, 1942 was reported at $1,912,989.17 or $4.59 per share. This per-share asset value compares with earlier periods as follows:

Beginning of Year	Net Asset Value per Share
1939	$7.74
1940	7.05
1941	5.95
1942	4.93

Investment Company Briefs

"The Outlook for Latin American Bonds" is the title of a well-prepared and thought-provoking, eight-page folder recently published by Distributors Group, Incorporated. A frank discussion of the pros and cons of these issues is concluded with the following: "One of the largest, if not the largest, holders of a diversified portfolio of Latin American dollar bonds in the United States is an investment company of the familiar "mutual fund" type, American Foreign Investing Corporation. This company trades actively in foreign bonds, taking advantage of the wide discrepancies which frequently exist between market prices and intrinsic values. It has paid dividends regularly since its incorporation. The asset value of a share of its stock based on present capitalization was $6.87½ at its organization in November, 1933. It is approximately $9.87 per share at the present time. In the interim, cash distributions have been made in a total of $6.38 a share." Charts showing the record of the company's shares marketwise and with respect to distributions are included in the discussion.

* * *

"Selections," the bulletin of Selected Investments Company, sponsor of Selected American Shares, Inc., points out in the issue of May 25 that "stock prices can rise when earnings fall" and lists the earnings records of ten leading American corporations during 1917-1918 for illustration. Although 1918 earnings were in every case lower, as much as 85% lower, than in 1917, market prices at the December, 1918, highs were in every case higher than the December lows of 1917.

* * *

Hare's Ltd., sponsor of Aviation Group Shares, has published an attractive little folder entitled, "Aviation in War and Peace." Containing 1940 and 1941 sales and earnings figures on nine aircraft and three airline companies, the folder states that "at the present market level the aircraft stocks are selling at an average price of 2.5 times 1941 earnings, and the airline stocks at 8 times."

* * *

In this May 22 issue of "Keynotes" the Keystone Corporation of Boston discusses "Discount Bonds in Wartime" and lists "Fourfold" advantages of such bonds. The list includes the following points:

"1. Despite the fact that interest coverage is the highest in years, discount bonds are still available at relatively low prices.

"2. The current generous return is derived from fixed interest—which cannot be reduced by a cautious board of directors.

"3. Bond interest is a prior charge—an expense of doing business—which comes before taxes.

"4. Growth possibilities from present relatively low prices appear to be as attractive as that of many common stocks."

Dividends

Massachusetts Investors Second Fund: The directors have declared a quarterly distribution at the rate of 10c a share payable June 20 to stockholders of record May 29.

Perry Hall To Direct N. Y. Victory Fund

(Continued from First Page)

tioning of the organization in putting the selling program into effect." From the announcement of the Reserve Bank we also quote:

"Ever since the last war, in which Mr. Hall served overseas as a Captain of Field Artillery in the United States Army, he has been engaged in the securities business. From 1919 to 1925 he was with the Guaranty Trust Company of New York and the Guaranty Company of New York. From 1925 to 1930 he was Co-Manager of the Bond Department of J. P. Morgan & Co. In 1930 he went to Philadelphia as Manager of the Bond Department of Drexel & Co., and in January, 1931, he became a partner in that firm. Since 1935 he has been with Morgan Stanley & Co., first as Vice-President and Director of Morgan Stanley & Co., Inc., and subsequently as a partner in Morgan Stanley & Co. Recently Mr. Hall also has had charge of the work done by the securities industry in this State in promoting the sale of the Treasury's last two offerings of securities, particularly the issue of Certificates of Indebtedness brought out in April and the registered 2½% 20-25 year bonds brought out in May.

There is probably no one in the securities industry who has a broader experience in organizing the distributioin of securities than has Mr. Hall, and this experience will now be engaged in the service of the Treasury's financing program through the Victory Fund Committee of the Second Federal Reserve District.

Mr. Hall will have his headquarters at the Federal Reserve Bank of New York.

Organization of the New York Victory Fund Committee was referred to in these columns May 21, page 1944.

SEC Applications For Broker Dealer Registry

The following applications for registration as brokers and dealers were made with the Securities and Exchange Commission on the dates indicated:

April 30, 1942—E. Kelly Brown Investment Company, 122-A Republic Bank Building, Dallas, Texas, E. Kelly Brown, sole proprietor; A. B. Muller, 1042 Rutherford, Shreveport, La., a sole proprietorship; Samuel M. Rose, 52 Gramercy Park North, New York, N. Y., a sole proprietorship; Dewar & Company, 520 First National Building, San Diego, Calif., Arthur Dewar, sole proprietor, Walter O. Poor, Jackwon D. Dewar, and Albert G. Williams having withdrawn as officers.

May 5, 1942—G. V. Grace & Co., 29 Broadway, New York City, George Vincent Grace, formerly principal, general partner, and Dorothy Merna Grace, special partner.

May 8, 1942—Gruss Brothers Corporation, 40 Exchange Place, New York, N. Y., Oscar Gruss and Joseph S. Gruss officers; National Investors Service, 50 Broadway, New York, N. Y., Orville C. Sanborn, sole proprietor.

May 11, 1942 — Frederic R. Briggs, 306 Edgewood St., Hartford, Conn., a sole proprietorship.

May 13, 1942—Chattanooga Securities Company, 318-19 James Building, Chattanooga, Tenn., Dorothy C. Aylward, formerly secretary and treasurer, sole proprietor, James P. McMahon, previously president, having withdrawn; Shuman, Agnew & Company, Balboa Building, San Francisco, Calif., J. Robert Shuman and William H. Agnew, partners.

May 14, 1942—Goff and Goff, Main Street, Lewisville, Ark., Omagene Allen Goff and Verna Dildy Goff, partners; Presser Royalty Company, First National Bank Bldg., Houston, Texas, Murray Presser, Donald Presser, and Geraldine Toliver, officers.

May 15, 1942—James E. Prescott, 273 Eighteenth Avenue, Paterson, N. J., a sole proprietorship.

Our Reporter On "Governments"

(Continued from First Page)

that for the first time in years, an institutional investor may study his own portfolio, then study the market, decide what type of portfolio is best suited to his needs—and go ahead and manage it on his own. . . .

You don't have to wait for a new issue to see what kind of issue is to be sold. . . . You don't have to scramble madly on a subscription date to make sure you get 10% of the amount of bonds you ask for. . . . You don't have to look with envy on the institution that gets a big allotment and therefore, is able to take advantage of the juicy after-issue premiums. . . .

Everybody is in the same situation these days. . . . The bonds you're going to get won't be any better than the bonds now available—and won't be much cheaper either. . . .

Long-terms

The June financing, according to the best gossip at the moment, probably will take the form of a short-term issue. . . . Maybe certificates of indebtedness again or something akin to this as far as maturity range goes. . . .

Assuming this is correct, the long-term market will get another resting period. . . . As matters stand today, the banks are going to get their wish—issues due in the one to ten-year classification. . . . Corporations are going to get their wish—certificates or similar short-terms. . . . Insurance companies are going to get taps or regular long-terms (but they can't take too many and this applies with even more emphasis to "others"). . . . So the long-term group of bonds may go along carrying a relatively minor load. . . .

Switches from large blocks of the short-terms into much smaller blocks of the long-terms—to obtain the same return—seem in order, therefore. . . . If you can manage it, try the taxables for income. . . . At least one thing is attractive: we have a top on interest rates in this bracket which will be hard to break down. That's the registered 2½% issue, of course. . . .

Banks this time?

So far this year, the leading life insurance companies of the nation have purchased more than $1,000,000,000 of Government obligations. . . . This represents 55% of their total new investments for 1942. . . . It compares with purchases of around $220,000,000 in the same 1941 period, representing about 17% of 1941's total investments. . . .

The insurance companies have just so much cash—as have the other institutions outside of banks. . . . The only institutions that can buy Governments in accordance with moves to expand or contract their purchasing power artificially are the commercial banks. . . .

The June cash borrowing is due at any time. . . . It even may be out by the time this column is printed. . . .The size is not known, but it surely will range between $1,250,000,000 and $1,500,000,000 and maybe it will go up to the $2,000,000,000 mark. . . .

Short-terms seem logical, for the banks must carry the big burden this time. . . . Certificates due in nine months or so might be the answer if the Treasury wants corporate funds. . . . Intermediates or real notes will be the choice if the commercial banks are to take it all. . . .

And look for action on reserve requirements even though so far, it has been all talk and no results. . . .

Inside the market

Treasury's action on doubling maximum for purchases of Series F and G bonds—from $50,000 to $100,000—should show results soon after effective date of July 1. . . . These are attractive bonds. . . . If you doubt that, just compare the 2½% coupon for 12-year maturity to the 2½% coupon for the 72/67 bonds. . . .

Exclusive of war bond sales, Secretary Morgenthau raised nearly $2,500,000,000 in May. . . . Including war bond sales, the total will approximate $3,000,000,000. . . . And the market is holding. . . . The sophisticated way in which this market is being managed deserves only praise—particularly in view of the fact that we have an artificial market now and there's no use crying about it any longer. . . .

Within three years, the guaranteed bond will have disappeared. . . . It has had a short life—ten years. . . . All the HOLC, FFMC, CCC and RFC issues have call dates within the 1945 range and the Treasury's announced plan is to switch these into direct issues as soon as possible. . . .

Open market buying is being used by Reserve System to influence excess reserves total to a much greater extent than is generally realized. . . .

Here's an intriguing comparison. . . . To suggest the fallacious basis for the theory that money is more stable when invested in short-terms than in long-terms. . . . In the last 12 months, the average yield on Treasury bills has gone up 0.295%. . . . The average yield on notes due in three to five years has gone up 0.54%. . . . The average yield on bonds due in five to ten has gone up 0.33%. . . . And on bonds due after ten years, only 13%. . . .

Market Outlook

Feeble stirrings of a bull market were again in evidence during the past week.

Further extension of the advance was at first somewhat selective but later broadened with volume expanding at rising prices and with little distinction being made between war and peace issues.

Evidence continues to point to the likelihood that the major downtrend in common stock prices has been reversed and that the market has embarked on a major uptrend of unknown scope and duration.

Basis for Improvement

Basis for our view that the market has seen about its worst is summarized briefly as follows:

The war situation has turned or will turn shortly in favor of the Allies in view of the vastly superior productive capacity.

Hitler has been—and is being—badly hurt — there isn't a chance now that the United States can be beaten militarily — Hitler is doomed to certain defeat.

A successful invasion of Great Britain now seems next to impossible—thus this spectre which was so prominent a year or so ago has been removed.

The trend of the war news is bound to improve and this in turn must favorably influence capitalistic confidence.

The market for the past 2½ years has been discounting the adverse effects of the imposition of war-time economic controls and taxes.

Seldom has any discounting process in the market lasted as long as the present—therefore, from the time element standpoint there seems little likelihood of the process lasting for a much longer period of time.

Prime stock yields, even after allowing for sizeable reductions in dividends due to drastic taxes, are about double prime bond yields.

Only on rare occasions has it been possible to purchase equities on as favorable a basis as today.

The amount of idle money awaiting investment was never greater—this must find an outlet sooner or later and the logical channel is in the stock market rather than the bond market.

Important liquidation was completed long ago—well informed investors are no longer interested in selling except for switching purposes.

History of all wars proves that purchasing power of money inevitably experiences a marked decline, particularly in the after-the-war periods.

The mounting inflationary background must sooner or later find realistic expression in the rising demand for equities—as has been the case for some time in all European markets.

We make no pretense in claiming that the market has seen its absolute worst; we do not even contend that further setbacks will not be witnessed; we do contend, however, that investors exchanging cash for securities during the present period will have exercised infinitely superior judgment to those who merely continue to hold large amount of unproductive cash.

Bullish Period Ahead

The ebb and flow of security prices has been the subject of tremendous amounts of research efforts practically from the beginning of time.

Nothing, of course, in the stock market is more important than timing—the old adage that it is not what you buy but rather when you buy it—is classic. Despite demonstrated weaknesses inherent in all timing devices, there are certain very distinct seasonal periods when markets do relatively well. In this respect one of the most pronounced bullish periods is the traditional summer rise. Normally this period sets in somewhere around the present time and continues through the late summer and sometimes early fall months. Chances are favorable, in our opinion, that market history will run more or less true to form this year and that prices during coming months will work toward higher levels subject, of course, to recurring setbacks.

Figuring Earnings

It may seem an extravagant statement but it is nevertheless demonstrable that seldom has it been possible to estimate earning power of specific companies with any greater degree of accuracy than today.

This unusual situation arises from the peculiarities of the operation of the excess profits tax. Assuming that the final tax rates enacted by Congress will closely approximate those recommended by the House Committee, corporate earning power will be rather definitely fixed. The only figure which is needed, broadly speaking, to estimate a company's earning power is its tax exemption figure. All earnings above this level would be taxed to the extent of 94%—thus there can be little variation in earnings above the exemption level. To illustrate, suppose that a company had net before taxes last year of $2,000,000 and that its excess profits tax exemption is $1,000,000. This latter amount would be subject to 40% normal and surtax rates, so that the remaining balance would be $600,000. All the earnings above the $1,000,000 exemption would thus be subject to the excess profits tax of 94%. Thus the margin of error in estimating earnings cannot be great since only 6% of excess earnings can be retained. In short, the key to an individual stock's earning power is its excess profits tax exemption. The one most important yardstick of valuation therefore is the market price in relation to this figure.—*G. Y. Billard, J. R. Williston & Co.*

Eddleman-Abercrombie

HOUSTON, TEX.—T. W. Gregory, Jr. has withdrawn from partnership in Gregory, Eddleman & Abercrombie, effective May 31st, and the firm name has been changed to Eddleman & Abercrombie. The firm will continue in its present offices in the First National Bank Building.

Mr. Gregory has been elected a Vice-President of the First National Bank of Houston.

Retiring For Duration

NEWARK, N. J. — George W. Miller, Assistant Vice-President of Colyer, Robinson & Co., Inc., 1180 Raymond Boulevard, who has been with the firm since its inception, has resigned, and is retiring from the bond business for the "duration." He will make his home in Hampton, Conn.

A. S. Wolford Forms Own Firm With J. Schwartz

Aubrey Stowe Wolford and James F. Schwartz have formed Wolford & Co. with offices at 60 Beaver Street, New York City. Mr. Wolford was formerly a partner in Marshall Geer & Co., brokers in commodity futures, specializing in cotton.

Interesting For Retail

According to a circular issued by Charles King & Co., 61 Broadway, New York City, the 5s of the Brown Company, due in 1949, offer a particularly attractive situation at this time, especially for retail distributors. Copies of the circular which describes the situation in detail may be had from Charles King & Co. upon request.

Stone, Webster Group Offers Bonds & Debs.

A group headed by Stone & Webster and Blodget, Inc., Halsey, Stuart & Co., Inc., The First Boston Corp., and Kidder, Peabody & Co. is making offering today of two new issues of Virginia Public Service Company, comprising $26,000,000 first mortgage bonds, 3¾% series, due 1972, and $10,500,000 sinking fund debentures, 5% due May 1, 1957. Price of the bonds is 106¾%, plus accrued interest from Feb. 1, 1942 and of the debentures 102%, plus accrued interest from May 1, 1942.

Proceeds of the new issues will be applied to the retirement of all funded debt of the company and the Virginia Public Service Generating Company.

Provision is made for creation of a "sinking and improvement fund" by an annual payment beginning in 1957 (to the extent not satisfied by the certification of net property additions or the previous retirement by the Company of bonds of the 1972 series) of 1½% of the greatest amount of bonds of the 1972 series outstanding at any previous time, the funds thus available to be applied to open market purchase of the bonds or acquirement at the prevailing redemption price.

The amount of debentures which may be issued under the indenture is limited to the amount of the present issue. Provision is made for semi-annual payments ranging in increasing amounts from about $300,000 Nov. 1, 1944 to about $500,000 on Nov. 1, 1956, into a sinking fund for retirement of debentures.

Organized in 1926 under the laws of Virginia, the Virginia Public Service Company derived 86.7% of its 1941 consolidated operating revenue from its electric business, 3.7% from gas business and the remainder from coach and railway transportation and other enterprises. In that year 95.8% of electric gross operating revenue was derived from customers in Virginia, 4.2% from West Virginia and a negligible amount from North Carolina.

The company has experienced a substantial and continuous growth over the last five years. In the four years ended with 1941 the number of electric customers has increased 38.7% and the number of gas customers 28.2%. In the five years gross additions to fixed capital accounts of the Company and its subsidiaries amounted to $9,996,038 and retirements $5,554,910 a net addition of $4,441,127. Extensions, renewals and additions budgeted for 1942 and 1943 amounted to $9,700,000.

Service Employes Under Wage Hour Act

The Federal Wage-Hour Law (Fair Labor Standards Act), under a decision of the United States Supreme Court on June 1, is held to apply to employes engaged in the maintenance and operation of buildings whose tenants produce goods for commerce. The Supreme Court ruling is in line with the opinions of the United States Circuit Court of Appeals in Philadelphia, and the U. S. Circuit Court of Appeals in New York that service employes in loft buildings where goods are produced for commerce are entitled to benefits under the Wage-Hour Law. The findings of these courts were given in the case of employes of A. B. Kirchbaum Co. of Philadelphia and the Arsenal Building Corp. and Spear & Co., Inc., of New York, owners and agents, respectively, of the loft building at 463 Seventh Avenue, New York City. The findings of the Supreme Court—8 to 1—delivered on June 1 by Justice Frankfurter, were likewise given in these cases. Justice Roberts was the only dissenter. Regarding the Supreme Court's conclusions the Associated Press stated:

The ruling had the effect of broadening the application of the minimum wage and maximum hour provisions of the legislation.

"In our judgment," Justice Frankfurter said, "the work of the employes in these cases had such a close and immediate tie with the process of production for commerce, and was therefore so much an essential part of it, that the employes are to be regarded as engaged in an occupation necessary to the production of goods for commerce. * * *

"To the extent that his employes are engaged in commerce or in the production of goods for commerce, the employer is himself so engaged."

Justice Roberts asserted that "the power of Congress does not reach the purely local activities in question."

Each concern owned a building which was rented out to manufacturers of clothing transported in interstate commerce.

Employes of the New York corporation affected were listed as two firemen, an electrician or mechanic, a starter and five operators of freight elevators, a starter, assistant starter and six operators of passenger elevators, two watchmen, five day porters and a night porter.

Employes of the Philadelphia company affected were given as one engineer, three firemen, three elevator operators, two watchmen, a porter, a carpenter, and a carpenter's helper.

Both companies asserted the employes were not engaged in producing goods for interstate commerce and hence the act could not be applied to them. The Justice Department contended, however, that their activity was necessary for the production of the goods by the tenants of the buildings.

The rulings of the New York and Philadelphia Circuit Courts were referred to in these columns Jan. 8, 1942, page 113.

John Niemond To Manage Newburger-Hano Branch

HARRISBURG, PA. — John S. Niemond has become manager of the newly opened office of Newburger & Hano in the Union Trust Building here. Mr. Niemond formerly conducted his own securities business for many years and held membership in the Philadelphia Stock Exchange.

H. B. Emerson Opens Own Firm In Boston

(Special to The Financial Chronicle)

BOSTON, MASS. — H. Bigelow Emerson is engaging in a securities business from offices at 19 Congress Street, under the firm name of Emerson & Company. Mr. Emerson for many years was an associate of J. M. Colburn & Co.

To Manage D. C. Branch Of Hemphill, Noyes Co.

WASHINGTON, D. C.—Hemphill, Noyes & Co., members of the New York Stock Exchange, announce that Frank L. Morse and Elmer F. Sauter have been appointed co-managers of their local office, Shoreham Building. Mr. Sauter in the past was in charge of the bond department of the firm's office here.

S. W. West Now Partner In Filor, Bullard & Smyth

Samuel W. West, member of the New York Stock Exchange, has become a partner in Filor, Bullard & Smyth, 39 Broadway, New York City, members of the New York Stock and Curb Exchanges. Mr. West was recently in business as an individual Exchange member and prior thereto was for many years a partner in L. F. Rothschild & Co.

Robt. Moore Co. Taking Over Marshall Geer Firm

Marshall Geer & Co. will be merged as of July 1 with Robert Moore & Co., cotton brokers, under the name of the latter firm. Lt. Marshall Geer, Jr. and L. Hudson Leathers, general partners in Marshall Geer & Co., will become partners in Robert Moore & Co.; Lt. Geer will remain as a special partner in the firm until released from military service. Present partners in Robert Moore & Co. are Perry E. Moore, Henry E. Schanz, Edward A. Hillmuth, general partners, and Garner H. Tullis, New Orleans, special partner.

Robert Moore & Co. was founded in 1848. The late Marshall Geer in 1903 became a member of the New York Cotton Exchange, forming his own firm in 1929.

Offices of Robert Moore & Co. are located in the Cotton Exchange Building, New York City. The firm holds memberships in the New York Cotton Exchange, New Orleans Cotton Exchange, Dallas Cotton Exchange, Houston Cotton Exchange, Liverpool Cotton Association, Ltd., New York Produce Exchange, Commodity Exchange, Inc., and Chicago Board of Trade.

Pay On Rio Grande Bonds

Ladenburg, Thalmann & Co., New York, as special agent, is notifying holders of State of Rio Grande do Sul (United States of Brazil) 40-year 7% sinking fund gold bonds external loan of 1926 and 25-year 8% sinking fund gold bonds external loan of 1921, that funds have been deposited with it, sufficient to make the following payments, in lawful currency of the United States of America: 15.05% of the face amount of the coupons due May 1, 1940 of the 40-year 7% sinking fund gold bonds, amounting to $5.26¾ for each $35.00 coupon and $2.63⅜ for each $17.50 coupon; and 15.05% of the face amount of the coupons due April 1, 1940 of the 25-year 8% sinking fund gold bonds, amounting to $6.02 for each $40 coupon, and $3.01 for each $20 coupon. The notice further says:

"Pursuant to the provisions of the Presidential Decree of the United States of Brazil, such payment, if accepted by the holders of the bonds and coupons, must be accepted in full payment of such coupons and of the claims for interest represented thereby.

"No present provision, the notice states, has been made for the coupons due Nov. 1, 1931 to Nov. 1, 1933 inclusive of the 40-year 7% sinking fund gold bonds; and for the coupons due April 1, 1932 to Oct. 1, 1933 inclusive of the 25-year 8% sinking fund gold bonds, but they should be retained for future adjustment."

Mo.-Pacific Interesting

The position of certain underlying mortgage liens of the Missouri Pacific System offers an interesting situation at the present time according to a circular just issued by Pflugfelder, Bampton & Rust, members of the New York Stock Exchange, 61 Broadway, New York City. Copies of the circular may be obtained from Pflugfelder, Bampton & Rust upon request.

"Local Notes"

The Bankers Bond Co., Incorporated, Kentucky Home Life Building, Louisville, Ky., is distributing the first issue of "Local Notes," containing a list of issues which the firm believes are particularly interesting at this time. Copies of this circular may be had from The Bankers Bond Co. upon request.

Institutional Bonds

(Continued from page 2107)

The fact is that we are not only fighting a total war, but we are aiming at a total peace. This means that the period immediately succeeding the war may also be a period of national purpose. If so, the divergent interests of individuals and groups will, for awhile at least, remain subordinate to the purpose of the community.

Even supposing that at the end of this war the United States drops all thought of national purposes and of internationalism and swings back violently in the direction of a self-contained economy, there will remain at least one stubborn fact which will require a protracted period of economic controls irrespective of what political party is in power and what its program may be. This fact will be our vastly swollen money supply, i.e., currency plus bank deposits plus outstanding government bonds not in the hands of banks. Without attempting to discuss the many problems of postwar economy, we hope here to point out the compelling nature of this single force.

During the last ten years, due in part to the influx of gold, in part to devaluation of the dollar, and in part to the government deficit, the aggregate of currency plus bank deposits increased gigantically. Most of the time before the war, however, this was offset by many deflationary factors, including the prospect of war, which reduced the velocity of money.

During the next few years, war financing will certainly expand this potential money supply much further. To bank deposits and currency, however, should be added a very important factor: the government debt. Close analysis reveals that, in one way or another, the Federal government will be virtually obligated to buy back almost all of its debt at par at any time that a sufficient number of holders offer it. Thus most of the debt held by private citizens in the form of registered bonds is by contract redeemable. Again, that portion of the debt held by commercial banks is in effect good collateral at par at the Reserve banks: our commercial banking system has become so closely intertwined with Federal finance that the Government presumably cannot afford to permit this market to go far below par. Again, most of the bonds held by savings banks, life insurance companies and other investors are identical with those held by commercial banks and so presumably must be supported in the market, bought back or loaned against, or in one way or another converted on demand into demand deposits or currency. In any event, we are sure to have a vast mountain of deferred purchasing power sufficient to finance full American employment and trade perhaps two or three times over.

No future peacetime government will escape this problem. It is not, however, to be supposed that the problem is insoluble. It is nevertheless certain to require careful and precise controls for a long time after the arrival of peace.

If, at that time, we endeavor to return to a self-contained and semi-isolated economy, this mass of debt and of deferred purchasing power will be a crushing burden for many generations to come and a solution may be forced through repudiation or outright inflation. However, there will be another course open to us, namely, to become a part of a vastly widened area of active trade. If the rate and volume of the interchange of goods both within this country and between this country and other peoples is stimulated to a high enough level, then our monetary position will no longer be disproportionately large and burdensome.

In such an alternative lies our best hope for the gradual reduction of the more burdensome of our economic controls. The creation of such a post-war international economy, however, will be the final test of our statesmanship. It will depend upon our ability to take the larger view of our own economic interests. It cannot be handmade by a few men in political control. It will require the intelligent support of large groups of citizens, especially of those conversant with banking and financial matters, and of those who are leaders of opinion in their individual communities. —*From Homer & Co.'s June 1 Bond Bulletin.*

Initiation Fees Cut By N. Y. Curb Governors

Reduction of initiation fees and the possibility of a further reduction in membership without increasing the dues of the remaining members would be effected by proposed amendments to the Constitution of the New York Curb Exchange which the Board of Governors, at a special meeting held on May 28, approved for submission to vote of the members.

Regarding the changes, the announcement of the Curb said:

By one amendment the initiation fee, which is now $2,500, would be determined by the sale price of the membership. If the price were $5,000 or less, the initiation fee would be $1,000. The fee would be increased $500 for each increase of $5,000 in the sale price up to $2,500, which would stand as the fee in case of all sales for $15,000 or more.

Another amendment would lower the associate member initiation fee from the present minimum of $1,500 to $500, if the last regular membership sale was at $5,000 or less. The fee would increase by $500 with each increase of $5,000 in the latest sale price. At the same time an associate member might become a regular member, on purchase of a seat, by paying the difference between the initiation fee paid as an associate and the regular member initiation fee on the date of the change. In the case of present associate members buying seats at current prices, this provision would eliminate the regular membership fee entirely.

A further stimulus to purchase of memberships under present circumstances is expected from the effect of another amendment dealing with delinquent members. The period during which a member may be suspended for failure to pay dues and other charges would be reduced from one year to ninety days. At the end of that time his membership would be transferred to a trustee for sale. It would be offered first at the latest sale price and then at progressively lower prices until the offer reached the amount of the arrears. If no sale were made at that price, the Exchange would buy it for retirement.

Finally, the Board approved the proposal of an amendment designed to avoid any increase of dues to remaining members and if possible to effect a reduction. Income from dues has already been decreased by reduction in memberships from 550 to 500 during the past year. It may be further decreased by future retirement of seats under the proposed new method of offering seats of delinquent members for sale. The additional amendment gives the Board authority to impose a tax on net commissions up to 2% although the Board has expressed the intention of fixing the rate at only 1% at present if the amendment is adopted. By this method a portion of the increase in commission rates recently put into effect would be used to avoid any increase of dues and would contribute to the aim of making the business actually transacted help to carry the expenses of the Exchange proportionately.

The membership of the Exchange has a period of two weeks in which to vote on the proposals after submission by the Board of Governors.

G. Eliott Personnel With Laird, Bissell

Following the dissolution of Gilbert Eliott & Co., ten members of its staff, including two former partners, have become associated with Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange and other leading Exchanges. They are: Stanley A. Aldrich and Herbert A. Leggett, former partners of Gilbert Eliott & Co.; and E. J. Heilner, S. Harrison, W. M. Richards, F. V. Sheridan, A. W. Stanley, F. R. Uhlig, A. W. Wallace and R. H. Wood.

During their association with Gilbert Eliott & Co., Mr. Leggett was in charge of research and analysis and Mr. Heilner specialized in reorganization rail securities.

Association of the Gilbert Eliott personnel with Laird, Bissell & Meeds was previously reported in the Financial Chronicle of May 14th.

R. E. Bond Price Average Shows Upswing In May

At the close of the month of May, the Amott-Baker Real Estate Bond Price Average stood at $309 per $1,000 bond, an increase of 0.3% over the $308 average as of April 30. The year to date gain now stands at 2.3% with the average price up from a figure of $302 at the close of 1941.

The slight decline in the averages as reported for the month of April was partially wiped out during May, and the year to date gain closely approached the high point reached at the close of March. During the month 66 of the issues increased in price, 46 decreased and 88 remained unchanged.

New York City issues, comprising the largest sub-division, remained unchanged. Philadelphia issues made the best showing with an advance of 1%, Pittsburgh issues advanced 0.4%, Boston issues advanced 0.2% and a group of miscellaneous issues declined 0.5%.

The Philadelphia and Pittsburgh issues have made the best gains since the first of the year; the former advancing 9.1% and the latter 8%.

In the classification by type of building, apartment hotels declined 4% during May, apartment buildings declined 0.3%, hotels declined 0.9%, office buildings advanced 0.3% and theater issues tinue to show the best year to date gain with an advance of 4.3% and are closely followed by the office building group which have advanced 4%. Apartment hotels comprise the only group reflecting a decline since the first of the year with a decrease of 8.4%.

The Real Estate Bond Price Average is compiled by Amott, Baker & Co., Inc., 150 Broadway, New York City.

Franklin Fire Looks Good

An interesting analysis of the current situation in issues of the Franklin Fire Insurance Company of Philadelphia has been prepared for distribution by Butler-Huff & Co., 210 West Seventh Street, Los Angeles, Calif., which states that in all lines of business except motor vehicle, the Franklin's volume outlook is excellent and while the automobile volume may be expected to decline as a result of the production and tire situation, there are reasons to believe that the 1942 shrinkage will not be unduly large. Copies of the analysis, together with the May 16th issue of the Butler-Huff & Co. "News Review," which contains a bullish discussion of the marine ocean insurance situation, may be had from the firm upon request.

Copies of the current issue of Butler-Huff & Co.'s "News & Views" which contains interesting information on several insurance issues, and also a discussion of the "package" idea, together with an analysis of the current situation in Firemen's Insurance Company of Newark, may also be had from the firm upon request.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 2109)

remains that there was a loss and it's the only thing that counts. You bought Atchison at 35½. You were stopped out at 34. You have a gross loss of 1½ points. That's that. But against this your other stocks are still holding up well. But no matter how well they hold up now is no reason to hold them if they break through their critical prices. In case you don't remember what they are, I repeat.

* * *

Air Reduction 27¾; Allis Chalmers 21; International Harvester 41½ and Western Union 24.

* * *

Two weeks ago I wrote that a set back of some kind was in the wind, and unless a dynamic piece of good news came along the market would back off. Apparently the successful bombings of Cologne and Essen is not the dynamic piece of news the market needs. I don't know what will be. So failing to go up on this you can now expect a reaction.

From what I can see of the market I don't think the reaction will go far. Still before I recommend additional purchases I prefer to wait and see what the market looks like when, as and if this setback developes.

* * *

More next Thursday.

—Walter Whyte.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Latest Ruling Of Attorney General Would Handicap Reputable Dealers

(Continued from First Page)

these figures will amply prove. The dealers involved in this operation accomplished a definite economic benefit to all concerned. They helped a large insurance company dispose of its holdings without depressing the market and at the same time brought an attractive security to the attention of their clients. We are certain, that the A.G.'s office does not wish to take any action that might discourage business conducted on these high principles.

But this he will surely do, if his new order remains in effect. First of all, the records will show that most of these bonds were sold to small investors in one, two and three thousand dollar lots. No dealer made enough profit to enable him to take a chance of antagonizing his customer (which he now must do BY SHOWING THE AMOUNT OF HIS PROFIT). Any buyer of these bonds could have given a Stock Exchange firm the order and paid a $5.00 commission per $1,000. It is against all the rules of common sense and human nature to expect the purchaser to pay $12.50, regardless of the amount of work the dealer put forth in bringing the offering to his attention. At any rate, it is also natural for the dealer to consider this fact in the future, whenever such selling groups are presented to him. The average customer is too hard to get today, to take chances in antagonizing and losing him through such a procedure as illustrated here.

In conclusion, we feel certain that the Attorney General does not wish to take any action that will bring further hardship to the many reputable securities dealers throughout the State. In all fairness to his office, we also believe that he has done an outstanding job of law enforcement during his term of office. We therefore hope that, after more deliberate consideration of this ruling, he will find some other method of handling this element of law enforcement without further handicapping the already limited activities of many hard-working, and law abiding, dealers throughout the State.

Produce Exchange Elects

Charles B. Crofton, of Leval & Co., Inc., was re-elected President of the New York Produce Exchange at the annual election held on June 1.

Hugh Reid, of Simpson, Spence & Young, was re-elected Vice-President and A. H. Lehmann was re-elected Treasurer.

Elected to the Board of Managers to serve two years were Geo. Carmichael of Laird, Bissell & Meeds, Jacques of Jacques Coe & Co., Jos. W. Hart of H. Hentz & Co., Robert S. Hebert of J. H. Redding, Inc., J. A. MacNair of H. J. Greenbank & Co., and Kurt F. Schussler of The Otto Gerdau Co. Robert M. Morgan was re-elected to the office of trustee of the Gratuity Fund to serve three years.

Rails Attractive

Detailed analyses of Virginia & Southwestern first consolidated 5s of 1958, and Pittsburgh & West Virginia first mortgage 4½s of 1958-59-60, have been prepared for distribution by B. W. Pizzini & Co., 52 Broadway, New York City, specialists in guaranteed railroad stocks and bonds. The Virginia & Southwestern bond has unusual investment merit relative to the price at the present time, according to B. W. Pizzini & Co., from whom copies of both analyses may be obtained upon request.

Join Wheelock & Cummins

DES MOINES, IA.—Wheelock & Cummins, Inc., Equitable Building, announce that Ira D. Allen, Fred E. Gaehner, and R. W. Mellem have become associated with their organization. Mr. Mellem will represent the firm in Mason City, Iowa.

A. M. Kidder Adds Three

Harvey Katz, John Nord, and Joseph E. Tecklin, all formerly of Faroll Brothers, have become associated with A. M. Kidder & Co., members of the New York Stock Exchange and other leading exchanges, in their main office at 1 Wall Street, New York City.

Ins. Stock Interesting

A detailed analysis of Manufacturers' Casualty Insurance Company of Philadelphia, including a study of the company's history and business, capitalization, diversification of assets, liquidity, dividends, comparative statements of condition, reserves, and a brief study of Manufacturers' Fire Insurance Co., a subsidiary, has been prepared by Mackubin, Legg & Co., 22 Light Street, Baltimore, Md. The outlook for Manufacturers' Casualty appears especially attractive at this time, according to the analysis, copies of which may be had upon request by writing to the Bank and Insurance Stocks Department of Mackubin, Legg & Co.

NY Women's Bond Club Elects New Officers

The Women's Bond Club of New York has elected Miss Lillian M. Griffin, Sternberg, Milholland & Griffin, President for the coming year. Miss Harriet Vought, Chase National Bank, was elected Vice-President, and Miss Lucile Tomlinson, Barron's, was named Secretary and Treasurer. Miss Irma Sheehan, Lazard Freres & Co., and Mrs. Frances Rand, Dominick & Dominick, were designated new directors for the club year.

Insured Investment For Investors And Trustees

The First Federal Savings and Loan Association of Clovis, 116 East Fourth Street, Clovis, New Mexico, will be glad to send investors, trustees, and other fiduciaries interested in learning more about insured Federal Savings and Loan investments full particulars. Current dividend rate 4% per annum.

Over-Counter Review

Bristol & Willett, 115 Broadway, New York City, are distributing the current issue of their "Over-the-Counter Review," copies of which may be had from them upon request.

UP-TOWN AFTER 3

NEW MOVIES

"Mrs. Miniver" (MGM), starring Greer Garson, Walter Pidgeon; with Teresa Wright, Dame May Whitty, Richard Ney, Henry Wilcoxen, Henry Travers, and others. Directed by William Wyler. Screen play by Arthur Wimperis, George Froeschel, James Hilton, Claudine West. Based on the book by Jan Struthers. There have been many films based on this war. There will be others. But until a better one comes along MGM's "Mrs. Minever" will stand out as the best picture produced so far. Actually, "Mrs. Miniver" is not a war picture. It has no battle scenes, no military heroics. It is not a tale of the uniformed fighting forces struggling on battlefields. It is a tale of the people at home; the non combatants who stand and take it and cannot fight back. Set in a small peaceful English village on the Thames it tells of the Miniver family, an average middle class group whose interests, outside their jobs, lie in little things like buying hats that cost too much, cars that are too extravagant, spending Sunday mornings in church, and listening to their young son, home on vacation from Oxford, expound his philosophy of what is wrong with the world. It's a small peaceful world they live in. A village flower show and the temerity of the station master in entering it against the lady of the manor bring together the granddaughter of the representative of the landed aristocracy and the Miniver son, a meeting that leads to their marriage. War comes as the family is at church. It kills and maims the villagers. Throughout it all life goes on. Kay and her husband, Clem Miniver, are gracious people, fond of each other and their children. They look on life and see themselves with a kindly understanding humor. With the war Clem becomes active in civilian defense work. In one thrilling scene he joins the rag tag civilian navy that helps in the rescue work at Dunkirk. Kay Miniver, anxiously watching for his return, surprises an enemy flier who bailed out over England. Vin Miniver, their son, is now a member of the RAF. Days are durable but nights are hell. You shrivel up as you see the Minivers huddling in their Anderson shelter pretending not to listen to the mounting whine of the bombs as they rain down on them. You will have a catch in your throat as you see them reminiscing over "Alice In Wonderland" as explosion after explosion rocks their shelter throwing the babies out of their makeshift bunks. Greer Garson, as Mrs. Miniver, gives a memorable screen performance. Walter Pidgeon, as Clem Miniver, the father and husband, is outstanding. Teresa Wright, as Carol Beldon, who marries Vin, does a grand job. She is charming and pretty. Richard Ney, as Vin Miniver, a newcomer, plays the cocksure lad capably. Dame May Whitty, as Lady Beldon, the haughty aristocrat, born to the purple, is excellent. In fact there is no character in "Mrs. Miniver" who doesn't turn in a sterling performance. William Wyler, who directed such pictures as "The Little Foxes," "The Letter," "Wuthering Heights" and "Dodsworth," has done a splendid job of capturing the spirit of Jan Struther's story and transferring it to the screen.

AROUND-THE-TOWN . . . With gas rationing and tires keeping New York's at home, one of the spots that recaptures the spirit of the quiet countryside is the outdoor restaurant at Rockefeller Center. Shaded by rustling trees, towering over vari-colored umbrellas that shield the small tables, and dominated by the splashing of the Prometheus fountains, it is a quiet nook in the heart of a busy city. The rustic effect is carried out even to the kittens that play around underfoot either chasing stray leaves or each other. . . . Louis Tornielli, one of the captains on the French side of the outdoor pavillion, is a man to get acquainted with. . . . An ex-Broadway press agent, Seaman Jacobs, now a private in the Army, writes on swank stationary ". . . no hard work. No cussing out by sergeants. Real soft . . . I feel fine, although I have lost 10 pounds, of what no doubt is Johnny Walker Black Label sediment. . . . One afternoon I shot a pistol. That makes me a soldier, huh? But I do a terrific right face. Maybe it's left face that I do. Anyway, if Kate Cameron saw me do it, I'm sure she'd give me four stars in the News." . . . At the **Juliet Fox** (she's the daughter of fur man **I. J. Fox**), **Lieut George Horwitz** wedding at the Waldorf-Astoria . . . the place full of service uniforms and white ties and your reported in a white dinner jacket standing out like a sore thumb. . . . **Jack Pearl**, of "vas you dare Sharlie?" fame, bemoaning his fate. Wants to do straight dramatics and producers insist he do comedy roles. . . . **Correction:** The John Golden play, **"Claudia,"** is not at the Booth as reported last week. It's at the St. James on W. 44th St., and playing to standing room, at prices that are from one-fourth to one-half those charged at the original run when at the Booth. **Grace Hartman** of the zany dance team sends in the following: "I'm afraid you're not the nursing type," said the instructress to the gal who was taking Red Cross lessons. "But I must be," objected the girl. "I was born in a hospital."

Eric & Drevers Admit

Eric & Drevers, 115 Broadway, New York City, members of the New York Stock and Curb Exchanges, have admitted Marguerite Eric to limited partnership in the firm as of today. Interest of Howard Eric, deceased, in the firm ceased as of May 28th.

De F. Lyon To Be Partner

De Forest Lyon will become a partner in Smith & Gallatin, 11 Wall Street, New York City, members of the New York Stock Exchange, on June 11 and will act as a alternate on the floor of the Stock Exchange for George P. Smith, Jr. In the past Mr. Lyon was a partner in Smith & Gallatin.

To 'Freeze' Skilled Workers In War Jobs

The War Manpower Commission on May 27 decided on a "job-freezing policy" for essential workers in critical war industries and directed employers to hire certain employees only through the U. S. Employment Service. This policy is designed to stop "pirating" of workers in war industries, particularly in the aircraft plants.

In a statement issued May 28, Paul V. McNutt, Chairman of the Commission, warned that a "work or fight" policy will govern the Commission. He was quoted as saying:

> If a worker refused to accept suitable employment in a war industry without reasonable cause, it would, of course, be the duty of the United States Employment Service to report the circumstances to the Selective Service System for consideration in connection with any request for deferment on occupational grounds.

Mr. McNutt is also reported as stating that "no restrictions will be placed upon the freedom of a worker to work where he chooses except that he will be expected to secure any new job requiring a critical skill through the United States Employment Service or in accordance with methods approved by it."

Adv. Allowances Not Covered By Price Rules

Advertising allowances granted by a manufacturer for promotional services to a distributor or a retail outlet are not covered by the General Maximum Price Regulation, Price Administrator Leon Henderson said on May 27. In an interpretation of the regulation, the Office of Price Administration stated:

> Advertising allowances granted by a seller for promotional services rendered by a buyer are not "frozen" by the General Maximum Price Regulation and are not to be considered as an element in the price at which goods were delivered during March (the base period under the universal price ceiling.)
>
> The seller is, therefore, not required to continue to grant the advertising allowances customarily granted by him to different purchasers or classes of purchasers.
>
> If, however, allowances, even though designated as "advertising allowances," actually constituted a reduction in the price of merchandise and were granted by the seller without regard to promotional services to be rendered by the buyer, (the distributor or retail outlet) the seller is required to treat such allowances in the same way as his customary allowances, discounts and price differentials prevailing in March.

Extend Mtg. Loan Power

Legislation extending for another year the authority of the Federal Land Bank Commissioner to make loans on behalf of the Federal Farm Mortgage Corporation was sent to the White House on May 28. This action followed Senate concurrence on that day in House amendments. When the measure first passed the Senate on May 26 it provided for a four-year extension but the House on May 27 voted to extend it only one year. The authority would have expired on June 1. The measure also raises the maximum amount of such loans from $7,500 to $50,000, except that special approval of the Commissioner would be required for any loan of more than $25,000, and preference would be given to applications for loans of $10,000 or less.

Report Of Nor. New Jersey Clearing House Ass'n

The 22nd annual report of the Northern New Jersey Clearing House Association for the year ended May 18, 1942, shows total exchanges for the period of $1,614,428,397 and balances of $1,340,013,504, as compared with $1,360,255,655 and $1,122,873,632, respectively, in the preceding fiscal year. The average daily exchanges for the year totaled $4,814,602, against $4,756,139 in the previous year, while the average daily balances were $4,653,082, compared with $3,926,132. The largest exchange on any one day, amounting to $12,827,655, occurred on Dec. 31, 1941, and the largest single day's balances, totaling $11,518,330, also took place on Dec. 31. This was below the previous year's largest day's exchanges and balances which, on Jan. 2, 1941, were $16,174,763 and $12,673,781, respectively. The largest transaction on any one day also came on Dec. 31, 1941, totaling $24,345,985, which was below the previous Jan. 2 record transactions of $28,848,545. The smallest exchange and balance on any one day occurred on May 26, 1941, amounting to $2,805,119 and $2,247,125, respectively. The smallest transaction on any one day during the year also came on May 26 and amounted to $5,052,245. Exchanges were made on 288 days in the year just ended, while they were made on 283 days in the previous year.

Expect More Mex. Sugar

Sugar production in Mexico during the current 1941-42 season is expected to reach an all time high with approximately 400,000 long tons, raw value, as against 315,000 tons manufactured last season, according to Lamborn & Co., New York. The previous high was established in 1939 when the yield totaled 322,000 tons. Harvesting of the current crop commenced in December and is expected to be completed in June.

The firm's announcement further said:

> Consumption during the year ended Aug. 31, 1941, amounted to 374,000 long tons, and it was necessary to import 69,000 tons from Cuba to meet home requirements for consumption and working stock. Should the current crop approximate expectations, Mexico will complete the year with a surplus of over 30,000 tons.

Pay On Porto Allegre 8s

Ladenburg, Thalmann & Co., New York, as special agent, is notifying holders of City of Porto Alegre (United States of Brazil) 40-year 8% sinking fund gold bonds, external loan of 1921, that funds have been deposited with it, sufficient to make a payment, in lawful currency of the United States of America, of 13.975% of the face amount of the coupons due Dec. 1, 1939, amounting to $5.59 for each $40 coupon and $2.79½ for each $20 coupon. The announcement further says:

> Pursuant to the provisions of the Presidential Decree of the United States of Brazil, such payment, if accepted by the holders of the bonds and coupons, must be accepted in full payment of such coupons and of the claims for interest represented thereby.
>
> No present provision has been made for the coupons due Dec. 1, 1931 to Dec. 1, 1933 inclusive, but they should be retained for future adjustment.

Home Loans Near Record

The $82,677,000 which 24,854 individuals borrowed for Illinois and Wisconsin homes the first quarter of 1942 was within 4% of the record high for a first quarter since the depression, A. R. Gardner, President of the Federal Home Loan Bank of Chicago, reported on May 16. Comparison was with January-February-March of last year when borrowings soared to a 12-year high for that season of the year. It is also stated that despite various war economy factors tending to curtail the undertaking of new debtor obligations, the home-owner mortgages recorded this year are more than $16,000,000 ahead of the first quarter two years ago, it was pointed out.

J. N. Peyton Honored

John N. Peyton, President of the Federal Reserve Bank of Minneapolis, received on June 1 the degree of Doctor of Laws from Hamline University, St. Paul, Minn., in recognition of his public service. In announcing the award, Dr. Charles N. Pace, President of Hamline University, said it was the desire of the school to "to recognize one of the men who is the product of Midwestern development, and who has risen to a place of eminence through industry and integrity." Hamline University is the oldest school of higher learning in the State of Minnesota.

Calendar of New Security Flotations

OFFERINGS

HYGRADE SYLVANIA CORP.

Hygrade Sylvania Corp. on May 21, 1942, filed an amendment to its registration statement disclosing that it now proposes to sell $4,000,000 3¼% sinking fund debentures due June 1, 1957. The offering price to the public will be supplied by amendment

Previously in its original registration statement filed with the SEC on March 30, 1942, the company proposed to sell 50,000 shares of 4½% cumulative convertible preferred stock, par value $40 per share. The original statement also covered 105,000 shares of no par common which were to be reserved for the conversion of the proposed new convertible preferred stock

Address—60 Boston St., Salem, Mass.

Business—Engaged in manufacture and sale of electric incandescent lamp bulbs, radio receiving tubes, fluorescent lamps and fixtures, and other electronic products and certain chemical products directly or indirectly related to the foregoing. Regular and special products, to a large and increasing extent, are being supplied to the military services and for other war uses

The underwriters and the amounts of debentures which they have agreed to purchase from the company are as follows:

Jackson & Curtis, Boston	$950,000
White, Weld & Co., Boston	625,000
Lee Higginson Corp., Boston	625,000
Estabrook & Co., Boston	475,000
Merrill Lynch, Pierce, Fenner & Beane, New York	475,000
Putnam & Co., Hartford, Conn.	140,000
Hale, Waters & Co., Inc., Boston	130,000
Graham, Parsons & Co., Phila.	100,000
Whiting, Weeks & Stubbs, Inc., Bost.	100,000
Yarnall & Co., Philadelphia	70,000
Minsch, Monell & Co., Inc., N. Y.	70,000
Mackubin, Legg & Co., Baltimore	50,000
Stein Bros. & Boyce, Baltimore	50,000
Brush, Slocumb & Co., San Fran.	35,000
Herbert W. Schaefer & Co., Balt.	35,000
Van Alstyne, Noel & Co., N. Y.	35,000
Wyeth & Co., Los Angeles	35,000

Proceeds will be used to repay approximately $2,075,000 of bank loans, of which $968,000 were incurred for plant extension and equipment, and the balance will be added to the company's working capital. Amendment states additional working capital is needed to carry increased inventories and accounts receivable resulting from expanded activity in manufacturing and from the increased volume of sales of the company, particularly of tubes and other products for direct and indirect war uses

Registration Statement No. 2-4974. Form A2 (3-30-42)

Offering of $4,000,000 3¼% sinking fund debentures made June 3, 1942, at 101½ and interest by banking group headed by Jackson & Curtis.

PUBLIC SERVICE ELECTRIC & GAS CO.

Public Service Electric & Gas Co. filed a registration statement with the SEC for $15,000,000 first and refunding mortgage 3% bonds, due May 1, 1972

Address—80 Park Place, Newark, N. J.

Business—This operating public utility company, a subsidiary of Public Service Corp. of New Jersey, is engaged primarily in the production and purchase of electric energy and manufactured gas and in the distribution and sale thereof in the State of New Jersey, including Newark, Jersey City, Paterson, Trenton, Camden, Elizabeth, Bayonne, Hoboken, Passaic, Perth Amboy and New Brunswick

Underwriting and Offering—The bonds will be sold under the competitive bidding rule of the Holding Company Act. Names of underwriters, and the public offering price, will be furnished by amendment

Proceeds will be added to company's cash funds; cash funds have been and are to be called upon, among other things, for expenditures in the ordinary course of business for property additions and improvements

Registration Statement No. 2-4995. Form A-2. (5-5-42)

Bonds Awarded June 1 to a banking group headed by Halsey Stuart & Co., Inc., at 103.5597

Offered June 3 at 104½ by Halsey Stuart & Co., Inc., and associates

VIRGINIA PUBLIC SERVICE CO.

Virginia Public Service Co. on April 29, 1942, filed amendment registration statement, disclosing that it now proposes to sell, under the competitive bidding rule of Holding Company Act, $26,000,000 of first mortgage 3¾% bonds, due Feb. 1, 1972, and $10,500,000 of sinking fund debentures, due May 1, 1957; debentures are to bear interest at not exceeding 5% per annum, with specific interest rate to be supplied by later amendment.

Previously, in its original registration statement filed with SEC Dec. 13, 1941, company then proposed to sell $22,800,000 first mortgage 3½s, due 1971, $5,700,000 2½% to 3½% serial notes, due Dec. 1, 1951, 70,000 shares 5¼% cumulative preferred stock, $100 par, and 628,333 shares common stock no par.

Address—117 S. Washington St., Alexandria, Va.

Business—Company is principally an electric operating public utility engaged in the production, purchase, transmission, distribution and sale of electric energy at retail and wholesale in Virginia, West Virginia and, to a minor extent, in North Carolina. Company is a subsidiary of General Gas & Electric Corp., which is in the Associated Gas & Electric Corp. holding company system

Net proceeds from the sale of the $26,000,000 3¾% bonds and the $10,500,000 debentures, will be used as follows: $37,239,193 to the redemption, purchase or prepayment of all funded debt of the company and Virginia Public Service Generating Co.; $360,000 to pay expenses of present financing; payment of accrued interest on the debt securities to be retired; and the balance will be pledged under the mortgage to be available for property additions.

Public offering prices, and names of the underwirters, will be furnished by post-effective amendment to the registration statement

Registration Statement No. 2-4913. Form A2. (12-12-41)

Registration effective 5:30 p. m., EWT, on May 25, 1942

Securities Awarded—A syndicate of nearly 100 houses jointly managed by Stone & Webster and Blodget, Inc., Halsey Stuart & Co., Inc., The First Boston Corp. and Kidder Peabody & Co. on June 3 submitted the sale bid for the $36,500,900 bonds and debentures. The bid was 105.65 for the 3¾% bonds and 98.77 for the debentures as 5s, due 1957

Offered—June 4, 1942, the bonds at 106¾ and the debentures at 102

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

MONDAY, JUNE 15

EASTERN COOPERATIVE WHOLESALE, INC.

Eastern Cooperative Wholesale, Inc., filed a registration statement with the SEC for $150,000 4% registered debenture bonds maturing July 1 of each year from 1944 to 1956, inclusive (exclusive of 1950). No more than $30,000 principal amount of said bonds shall mature in any one year

Address—135 Kent Ave., Brooklyn, N. Y.

Business—Wholesale dealer in groceries allied products, including, among other related activities, warehousing and packaging

Underwriting—No underwriter named

Offering—The securities are being sold by the Cooperative directly to its stockholders and friends interested in the cooperative movement without the interposition of any underwriter, dealer, broker or salesman, at 100. No commission will be paid to anyone in conjunction with such sale

Proceeds—Will be used to repay certain private loans and also to reduce certain accounts payable now outstanding for current merchandise, the balance to be used for working capital

Registration Statement No. 2-5002. Form S-2. (5-27-42)

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., filed a registration statement with the SEC for 70,000 Series "K-1" full certificates of participation

Address—50 Congress St., Boston, Mass.

Business—Investment trust of fixed or restricted management type

Offering—Aggregate offering price is $893,200 based on 70,000 shares at $12.76 per share as of May 12, 1942

Proceeds—For investment

Registration Statement No. 2-5001. Form C-1. (5-27-42)

WEDNESDAY, JUNE 17

LUKENS STEEL CO.

Lukens Steel Co. filed a registration statement with the SEC for $2,200,000 4¾% sinking fund debentures due 1952

Address—Coatesville, Pa.

Business—Steel manufacturer

Underwriting—E. H. Rollins & Sons, Inc., and Pistell Wright & Co., Ltd., are principal underwriters. Other underwriters are to be named by amendment

Offering—The offering price will be furnished by amendment

Proceeds—Payment of bank loan

Registration Statement No. 2-5003. Form A-2. (5-29-42)

RAND'S, PITTSBURGH

Rand's filed a registration statement with the SEC for $500,000 6% sinking fund debentures, due May 1, 1957

Address—225 Ross St., Pittsburgh, Pa.

Business—Company is at present time engaged in the operation of a chain of 23 retail drug stores (including one operated by the company's wholly owned subsidiary), ten of which are located in Pittsburgh, Pa., and suburbs. The other 13 stores are located in Pennsylvania, West Virginia, Ohio and Maryland

Offering—If approved by stockholders at special meeting to be held July 17, 1942, company proposes to offer to holders of its 8% cumulative preferred stock the privilege to exchange their shares for the 6% debentures on the basis of $50 of debentures for each 10 shares of 8% cumulative preferred stock ($5 par). Such offer will expire at the close of business on August 17, 1942. Stockholders accepting such offer will be entitled to receive interest on the debentures received in exchange from May 1, 1942

Underwriting—Company has entered into an agreement with Floyd D. Cerf Co., Chicago, Ill., principal underwriter, to supervise and handle the exchange offer to the approximate principal amount of $350,000; and to sell for the account of the company, at 100 plus accrued interest from May 1, 1942, an additional $150,000 of the debentures, together with any debentures not taken by the holders of the 8% cumulative preferred stock in exchange for their shares. There is no firm commitment to purchase any of the debentures. Grubbs, Scott & Co., Pittsburgh, Pa., is co-underwriter

Proceeds—The gross proceeds to be received by the company from the sale of the $150,000 debentures will be applied to the payment of an equal amount of current indebtedness

Registration Statement No. 2-5004. Form A-2. (5-29-42)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN BAKERIES CO.

American Bakeries Co. registered 15,000 shares Class B no par common stock

Address—No. 520 Ten Pryor St. Bldg. Atlanta, Ga.

Business—Manufacturing and distributing bakery products in southern states

Underwriter—None named

Offering—Stock will be offered to public at price to be filed by amendment

Proceeds—All proceeds will be received by L. A. Cushman, Jr., chairman of board of company, for whose account the stock will be sold

Registration Statement No. 2-4714. Form A-2. (3-28-41)

Proposed offering as amended Dec. 10, 1941, 9,000 shares at $54.25 per share

Amendment filed May 29, 1942, to defer effective date

BELLANCA AIRCRAFT CORP.

Bellanca Aircraft Corp. filed a registration statement with the SEC for 57,412 shares common stock, $1 par. Further details as to the financing, including details of distribution, application of proceeds, underwriters, if any, etc., are to be supplied by amendment to registration statement. SEC withheld much of material filed by company, presumably in conformity with military censorship policy

Registration Statement No. 2-4975. Form S-2 (3-30-42)

Amendment filed May 26, 1942, to defer effective date

CALIFORNIA UNION INSURANCE CO.

California Union Insurance Co. filed a registration statement with the SEC for 29,659 shares common stock, $10 par value

Address—San Francisco, Calif.

Business—Engaged in the underwriting of fire, automobile and other forms of insurance

Underwriting—Paul H. Watson is named principal underwriter; Don B. Wentworth may be an underwriter

Offering—The common stock registered will be offered to the public at a price of $22 per share

Proceeds will be used for additions to capital and surplus

Registration Statement No. 2-4992. Form A-1 (4-30-42 San Francisco)

Amendment filed May 18 to defer effective date

COLUMBIA GAS & ELECTRIC CORP.

Columbia Gas & Electric Corp. registered $28,000,000 serial debentures, due 1942 to 1951, and $92,000,000 sinking fund debentures due 1961

Address—61 Broadway, N. Y. C.

Business—Public utility holding company

Offering—Both issues will be publicly offered at prices to filed by amendment

Proceeds—To redeem $50,000,000 Deb 5s, 1952; $4,750,700 Deb. 5s, due April 15, 1952; $50,000,000 Deb. 5s, 1961; to purchase $3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co., a subsidiary, and $3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof; and to make a $3,402,090 capital contribution to Cinn., Newport & Covington Ry Co. to enable that Company to redeem its outstanding $3,303,000 1st & Ref. 6s, 1947

Registration Statement No. 2-4736. Form A-2. (4-10-41)

Amendment filed May 23, 1942, to defer effective date

DESPINA GOLD MINES, LTD.

Despina Gold Mines, Ltd., refiled a registration statement with the SEC for 1,030,000 shares common stock, $1 par

Address—Montreal, Quebec, Canada

Business—Company is engaged in the gold mining business

Underwriting—Underwriter is Canadian Securities Distributors

Offering—The 1,030,000 shares of common stock will be offered to the public at 35 cents per share; 1,000,000 shares will be offered for the account of the company, and the remaining 30,000 shares for the account of a selling stockholder

Proceeds to company will be used for working capital purposes

Registration Statement No. 2-4636, refiled with SEC 4-30-42

Stop order proceedings discontinued and registration statement withdrawn May 28, 1942

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami, Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendment filed May 22, 1942, to defer effective date

GILLHAM MINING CO., INC.

Gillham Mining Co., Inc., filed a registration statement with the SEC for 5,000 shares common stock, no par value

Address—30 No. La Salle St., Chicago, Ill.

Business—Engaged in the mining of antimony ore in Mineral Township, Sevier County, Arkansas

Underwriting and Offering—The 5,000 shares of common stock will be sold to the public at $5 per share; no underwriting involved.

Proceeds will be used for corporate purposes, including further developing and exploring of properties now owned by the company

Registration Statement No. 2-4964. Form S-3 (2-12-42)

Amendment filed May 14 to defer effective date

HAMILTON WATCH CO.

Hamilton Watch Co. filed registration statement with SEC for 39,382 shares 4½% cumulative preferred stock, $100 par

Address—Lancaster, Pa.

Business — Company manufactures and sells various models of high grade (17 to 23 jewel) pocket and wrist watches for men and wrist watches for women

Underwriting and Offering—Company is making a conditional offer to holders of its 32,054 shares of outsanding 6% preferred stock of the privilege of exchanging such stock for 33,054 of the 39,382 shares of 4½% preferred stock on basis of one share of 4½% preferred stock, plus $1.50 (equal to current quarterly dividend payable March 1, 1942, on one share outstanding 6% preferred stock), plus an unstated amount (difference between the public offering price of one share 4½% preferred stock and $105, the redemption price of the 6% preferred), for each share of outstanding 6% preferred stock. Exchange offer expires Jan. 22, 1942. Any shares of 4½% preferred not issued under the exchange offer, plus the 6,328 shares not reserved for such exchange offer, will be offered to the public, at a price to be supplied by amendment. Harriman Ripley & Co., Inc., Philadelphia, is named principal underwriter; other underwriters will be supplied by amendment.

Proceeds will be used to redeem, on March 1, 1942, at $105 per share, all outstanding 6% preferred stock; balance for expenditures in connection with construction and equipment of plant additions

Registration Statement No. 2-4926. Form S2 (12-30-41)

Amendment to defer effective date filed May 29, 1942

HASTINGS MANUFACTURING CO.

Hastings Manufacturing Co. registered **with SEC 140,400 shares common stock,** $2 par value

Address—Hastings, Mich.

Business—Manufactures and sells piston rings and expanders

Underwriters—Schroder, Rockefeller & Co., Inc., are principal underwriters Other underwriters are Smith, Hague & Co. and Carlton M. Higbie Corp., Detroit, Mich.

Offering—23,100 shares are unissued and are to be offered to the public for the account of the company; remaining 117,300 shares are outstanding and are to be sold to public for account of certain selling stockholders

Proposed offering as amended: 23,100 shares by company, 105,756 shares by certain stockholders

Public offering price is $9.50 per share

Proceeds to company will be used for general corporate purposes, including purchase of new equipment and for working capital

Registration Statement No. 2-4890. Form A2. (11-19-41 Cleveland)

Amendment filed May 18, 1942, to defer effective date

HONOLULU RAPID TRANSIT CO., LTD.

Honolulu Rapid Transit Co., Ltd., has filed a registration statement with the SEC for 75,000 shares of 6% cumulative convertible preferred stock, $10 par; and 75,000 shares common stock, $10 par, latter reserved for issuance on conversion of the preferred stock

Address—1140 Alspai St., Honolulu, Hawaii

Business—Company is a public utility engaged in providing urban transportation service to the city of Honolulu, rendered by trolley coaches and gasoline buses

Underwriting—None

Offering—The preferred stock is offered to company's common stockholders of record April 30, 1942, for subscription at $10 per share, on the basis of three shares of preferred stock for each five shares of common stock, to be evidenced by transferable warrants which expire May 29, 1942. Such of the preferred stock not subscribed to on or before May 29, 1942, or not sold on or before June 30, 1942, will be retained by the company, subject to issue and sale, either at private or public sale, at not less than $10 per share

Proceeds will be applied to reduction of outstanding bank loans, aggregating $1,650,000

Registration Statement No. 2-4973. Form S-2 (3-30-42)

HUNTER MANUFACTURING CO.

Hunter Manufacturing Co. filed registration statement with the SEC for 109,560 shares of common stock, of 25 cents par value

Address—Croydon, Pa.

Business—During two years ended Sept. 30, 1940, operations of company consisted of the manufacture and sale of Rex railroad signal lights and the manufacture and sale, on an experimental basis, of munitions. Since that date, the company has been primarily engaged in the munitions business

Underwriters—Nelson Douglass & Co., Los Angeles, Cal., and Barrett Herrick & Co., Inc., New York, each have agreed to underwrite 46,500 shares of the common stock registered, or a total of 93,000 shares

Offering—The 109,560 shares registered will be offered to the public at $4 per share; the underwriting commission is 80 cents per share. 93,000 shares are unissued and are to be offered to the public for the account of the company; the remaining 16,560 shares registered are to be purchased by the underwriters, under purchase option, from certain stockholders, and will be publicly offered

Proceeds will be used to purchase or redeem all the outstanding 36,000 shares of 6% cumulative preferred stock, $5 par value, and for other corporate purposes

Registration Statement No. 2-4990. Form S-2. (4-23-42)

INTERIM FINANCE CORP.

Interim Finance Corp. filed a registration statement with the SEC for 39,912 shares class A stock, $25 par; and 25,232 shares common stock, $1 par

Address—33 N. La Salle St., Chicago, Ill.

Business—Primary function of company is to loan money to enterprises whose debt and/or capital structures are being adjusted or reorganized by its wholly-owned subsidiary, H. M. Preston & Co. A secondary function is to loan money, with funds not used in its primary function, to provide "interim" or intermediate financing to enterprises until the financial positions of the borrower or a change in general capital markets open avenues for longer-term borrowing from customary sources

Underwriter—H. M. Preston & Co., Chicago, Ill., is the sole underwriter. The underwriting commission is $8 per unit

Offering—The class A stock is to be sold in units of 4 shares, at a price of $110 per unit. With at least the first 900 units, there will be included with each unit 4 shares of common stock; thereafter company reserves the right to reduce the number of common shares to be included in each unit of class A stock

Proceeds will be used for working capital

Registration Statement No. 2-4968. Form A-1. (3-18-42)

Amendment filed May 23, 1942, to defer effective date

LONE STAR STEEL CO.

Lone Star Steel Co. filed registration statement with SEC for $500,000 5% debentures, due 1948; 1,000 warrents to purchase common stock; and 75,000 shares no par common stock

Address—Dallas, Texas

Business—Company is engaged in the manufacture of pig iron and steel

Underwriting — No underwriters are named in registration statement

Offering—The debentures will be offered to the public at 100; each $500 principal amount of the debentures will carry one warrant entitling the holder to purchase 25 shares of common stock of company, at $10 per share. Of the 75,000 shares common stock registered, 25,000 shares are reserved for issuance upon exercise of the warrants, and 50,000 shares will be offered to the public at $10 per share

Proceeds will be used for working capital purposes

Registration Statement No. 2-4997. Form S-2. (5-8-42)

Amendment filed May 25, 1942, to defer effective date

MILLER TOOL & MFG. CO.

Miller Tool & Manufacturing Co. has filed a registration statement with the SEC for 92,792 shares of common stock, $1 par value

Address—Detroit, Mich.

Business—Company is engaged in the manufacture and sale of service tools for use by the automotive industry

Underwriters—Baker, Simonds & Co., is named the principal underwriter

Offering—24,875 shares of common stock will be sold to the public for the account of the company; the remaining 67,917 shares registered are already issued and outstanding, and will be sold to the public for the account of certain selling stockholders. The public offering price is $4.20 per share

Proceeds will be used for the purchase of machinery and equipment and for working capital

Registration Statement No. 2-4920. Form S2. (12-26-41 Cleveland)

Amendment filed May 22, 1942, to defer effective date

SOUTHWESTERN PUBLIC SERVICE CO.

Southwestern Public Service Co. filed a registration statement with the SEC for: $18,500,000 of first mortgage and collateral trust bonds, due Feb. 1, 1972; $5,500,000 serial notes, due in equal annual amounts from Nov. 1, 1943, to Nov. 1, 1953, inclusive; and 85,000 shares of 6% cumulative preferred stock, $100 par value

Address—Dallas, Texas

Business—This company and its subsidiaries are engaged principally in the

Calendar of New Security Flotations

generation, transmission, distribution and sale of electricity, serving certain communities in Texas, New Mexico, Oklahoma, Louisiana, Arkansas and Arizona. Under a plan of integration and simplification proposed to be consummated under section 11 of the Holding Company Act simultaneously with the consummation of the present proposed financing, the company proposes to effectuate the following transactions: Merger of Community Power & Light Co. and General Public Utilities, Inc. (the two present parent companies of the company) into the company; liquidation of Texas-New Mexico Utilities Co.; recapitalization and partial liquidation of Gulf Public Service Co.; purchase of Panhandle Power & Light Co., Cimarron Utilities Co. and Guymon Gas Co.; and refunding of the entire outstanding funded debt of the company itself. Upon completion of the transactions involved in foregoing, it is expected that the company will have no parent

Underwriting—Dillon, Read & Co., of New York, is the principal underwriter; the names of the other underwriters will be supplied by amendment

Offering—The bonds, serial notes and 6% preferred stock, will be sold to the public, at prices to be supplied by amendment

Proceeds from sale of the new securities will be added to the company's general funds and will be applied to effectuate the various financial transactions involved in the plan of integration and simplification, and the refinancing of the company's outstanding funded debt

Registration Statement No. 2-4981. Form A-2. (3-31-42)

Amendment filed May 25, 1942, to defer effective date

STANDARD AIRCRAFT PRODUCTS, INC.

Standard Aircraft Products, Inc., filed a registration statement with the SEC covering $300,000 5½% convertible serial and sinking fund debentures, due 1943-1947

Address—Dayton, Ohio

Business—Company manufactures and develops aircraft products, etc.

Offering—The 1943 maturity ($48,105) will be offered to the public at 100. The other maturities will be offered in exchange for 33,586 shares ($7.50 par) 40 cents cumulative preferred stock on a par for par basis as follows: debentures maturing 1944, $62,000; debentures maturing 1945, $62,000; debentures maturing 1946, $62,000; and debentures maturing 1947, $65,895

Underwriting—The debentures aggregating $251,895 may be sold through underwriter at 100. R. N. Webster, President, has agreed to sell through underwriter the $190,537 debentures he has agreed to exchange for his 25,405 shares of preferred stock. G. Brashears & Co. is named principal underwriter. R. N. Webster may be an underwriter

Proceeds of $48,105 (1943 maturity) will be used for working capital

Registration Statement No. 2-4988. Form A-1. (Filed in San Francisco 4-20-42)

Amendment filed May 22, 1942, to defer effective date

UNION ELECTRIC CO. OF MISSOURI

Union Electric Co. of Missouri filed a registration statement with the SEC for 2,695,000 shares common stock, no par

Address—315 N. Twelfth Blvd., St. Louis, Mo.

Business—This subsidiary of The North American Co. is engaged primarily in the transmission, distribution and sale of electric energy, which it generates and purchases from its subsidiaries, serving the city of St. Louis, Mo., and portion of 5 adjacent Missouri counties and of 3 counties in Missouri adjacent to the company's Osage hydroelectric plant

Underwriting—Dillon, Read & Co., New York, is named the principal underwriter. Names of the other underwriters will be supplied by amendment

Offering—The 2,695,000 shares of company's common stock are outstanding and are owned by its parent, The North American Co., who will receive the entire proceeds from the sale to the public of such shares

Registration Statement No. 2-4940. Form A2 (2-2-42)

Union Electric Co. of Missouri, on Feb 9, 1942 filed an amendment to its registration statement, naming the underwriters, 141 in all, who will publicly offer the 2,695,000 shares (no par) common stock, all of which are owned by its parent company, The North American Co. The names of the underwriters, and the maximum number of shares of such common stock which each agreed to purchase were listed in the "Chronicle" of Feb. 26, 1942, page 846

Amendment filed June 1, 1942, to defer effective date

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati, Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4379. Form A-2 (3-30-40)

Amendment filed May 29, 1942, to defer effective date

UNITED GAS CORPORATION

United Gas Corp. registered $75,000,000 first mortgage and collateral trust 3¼% bonds due 1958

Address—2 Rector Street, New York City

Business—Production and sale of natural gas; part of Electric Bond and Share System

Underwriters—None

Offering Terms—Bonds will be sold to institutional investors, whose names will be supplied by amendment, at 99.34%

Proceeds—To redeem $28,850,000 United Gas Public Service 6% Debentures due 1953; to pay 6% demand note of $25,925,000 to Electric Bond and Share; to repay $2,000,000 open account debt to E. B. & S.; and to purchase from United Gas Pipe Line Co., $6,000,000 of its 1st & Coll. 4% bonds due 1961. Balance will be used in part to reimburse treasury for capital expenditures and possibly to pay accumulated dividends of $9,502,490 on companys $7 preferred stock

Registration Statement No. 2-4760, Form A-2 (5-15-41)

United Gas Corp. filed amendment with SEC on Feb. 21, 1942, stating that it had been unable to further extend the purchase agreements with 14 insurance companies covering the proposed private sale to such insurance companies of $75,000,000 of the company's first mortgage and collateral trust 3¼% bonds, due 1959. This amendment states: "These purchase agreements expired on Feb. 16, 1942. The corporation intends to continue negotiations to the end that its bonds shall be either sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the pest possible price."

Amendment filed May 22, 1942, to defer effective date

WEST INDIES SUGAR CORP.

West Indies Sugar Corp. filed a registration statement with the SEC for 453,691 shares of common stock, $1 par

Address—60 E. 42nd St., New York City

Business—Company, organized in 1932 pursuant to the plan of reorganization of Cuban Dominican Sugar Corp. and certain of its subsidiaries, is solely a holding company owning the securities of several operating subsidiaries engaged principally in the production of raw cane sugar and invert and blackstrap molasses in the Dominican Republic and Cuba

Underwriters will be named by amendment

Offering—The shares registered are already outstanding, and are owned by City Company of New York, Inc., In Dissolution, to the extent of 436,691 shares; National City Bank of New York, parent of the former company, is the holder of the remaining 17,000 shares registered. The aggregate of the shares registered represents 47.7% of the outstanding common stock of the company, and will be offered to the public, at a price to be supplied by amendment

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4923. Form A2. (12-29-41)

Amendment filed April 21, 1942, to defer effective date

New Dwellings Decrease

Construction was started on 141,000 new dwelling units in non-farm areas during the first three months of 1942, most of them for families of war workers, Secretary of Labor Perkins reported on May 30. "The number of new dwelling units provided for during the first three months of 1942 represents a decrease of 3%, as compared with the corresponding period of 1941," she said. "This drop, caused by a 9% decrease in new construction by private builders, largely reflects the uncertain materials situation and the imminence of governmental restrictions upon non-essential building. The Bureau of Labor Statistics of the United States Department of Labor estimates the permit valuations of the new dwelling units put under construction during the first quarter of this year to aggregate approximately $471,000,000. The non-farm area of the United States is defined by the Bureau of Census as including all urban places, and all rural places except farms." Miss Perkins added:

Publicly financed projects for which construction contracts were awarded during the first three months of 1942 will contain accommodations for 29,364 families or 21% of the non-farm total. Of this number, 27,749 units are under jurisdiction of the Federal Public Housing Authority of the National Housing Agency which emerged from the reorganization in February of all Federal housing agencies. All of the FPHA units are designated for war workers or families of military personnel. They include 10,112 units in slum-clearance projects converted to war housing, 8,246 units in projects initiated with Defense Homes Corporation funds, and 9,391 units financed with special defense housing appropriations. During the first three months of 1941, 22,297 units were in publicly financed projects of which all but 5,064 units are for defense workers. By the end of March 1942, the federally financed war housing program had completed or under construction contract a total of 148,550 dwelling units in continental United States, not including trailers, dormitories, or portable units.

One-family dwellings comprised approximately 79% of the first quarter of 1942 non-farm total; 2-family dwellings accounted for 5%, and apartment houses for 16%. During the first quarter of 1941, the composition of new units was 82%, 1-family; 6%, 2-family; and 12%, multi-family. A decrease of 30% in privately financed multi-family units was more than offset by several large publicly financed projects of this type. As a result, the multi-family units in the first quarter of 1942 non-farm total were 22% above the number of the first three months of 1941, while 1- and 2-family units decreased 6 and 13%, respectively.

OPA Warns Meat Industry Against Price Evasion

Price Administrator Leon Henderson on May 27 cautioned the nation's meat industry against evasion of the General Maximum Price Regulation. "Ignorance — professed or actual—of the provisions of the regulation," Mr. Henderson warned, "will not be accepted by the Office of Price Administration as an excuse for such violations. Those persons failing to comply open themselves to prosecution for the maximum penalties provided by the Emergency Price Control Act of 1942." The OPA in its advices also said:

Mr. Henderson's admonition was prompted specifically by field reports reaching OPA's Washington headquarters that certain sellers—who have either overlooked or ignored the applicable portion of the regulation—have informed the trade that selling prices would be the same for different classes of purchasers. This, of course, is in direct violation of the regulation, the Price Administrator emphasized.

These reports, as well as inquiries from numerous other sources, indicate that departures from the requirements of the General Maximum Price Regulation have taken several forms: ignoring customary classifications of customers; taking as the maximum price for a local delivery the delivered March price to a purchaser at a great distance; and charging for inferior grades the highest March price for better grades of the same cut.

To clarify this situation fully, OPA issued an interpretation on maintenance of "customary allowances, discounts or other price differentials," as required by the General Maximum Price Regulation.

Mr. Henderson is further quoted as saying:

Under the regulation, each seller's highest March price to any purchaser in a particular class is the seller's maximum price for all members of that class. In some instances a sale may have been made in March to a purchaser of a given class which, because of abnormal conditions, did not reflect the differentials customarily given to purchasers of that class. If sellers in the meat industry, particularly packers of beef and veal, take advantage of such unrepresentative transactions in an effort to eliminate customary differentials, it will become necessary for OPA, by supplementary regulations, to establish a system of fixed differentials, or to revise downward the level of maximum prices in the meat industry in order to correct the price rise which is the real effect of disregarding price differentials which prevailed in the past.

It is likewise stated in the OPA announcement:

Ceiling prices are not established individually for each buyer, but for each class of purchaser to which the seller sells. Where the buyer is quoted as price higher than he paid in March, the Price Administrator stated that it is the duty of the buyer to make a reasonable effort to ascertain from the seller in which class of purchaser the buyer is included. Furthermore, Mr. Henderson said it is the duty of the seller to make disclosure to any buyer who so inquires.

House Group Studies Excise, Sales Taxes

The House Ways and Means Committee on May 28 began consideration of the Treasury's request that present excise taxes be increased and new ones imposed to yield over $1,000,000,000 in new revenue. Sentiment in the House group, however, seems to be growing in favor of some form of sales tax and it is almost certain that such a tax will be considered

The Committee on June 2 acted in favor of several administrative and technical tax changes which had been proposed by the Treasury. Among these were revisions in respect to investment expenses, recoveries of bad debts and alimony payments.

Randolph Paul, tax adviser to Secretary Morgenthau, and James W. Martin, Treasury tax consultant, appeared before the House Committee at a night session on May 27 to express further opposition by the Department to any form of a sales levy—retail, wholesale or manufacturer's. It understood that, in addition to repeating that a sales tax is wholly contrary to the "ability-to-pay" principle of taxation, the Treasury representatives expressed their opposition because of the difficulties involved in administering such a tax.

Earlier that day (May 27) the Committee rejected the Treasury's proposal that existing estate and gift taxes be increased to raise an additional $330,000,000. The House group retained the present estate tax rates ranging from 3% to 77%. The Treasury proposed a scale of 8% to 80%. Previously (May 26) the Ways and Means Committee had agreed to reduce the exemptions for payment of estate and gift taxes, reported in these columns May 28, page 2038.

It is estimated that the Committee's tentative tax program is about $2,000,000,000 below the Treasury's revised program designed to yield $8,700,000,000.

Secretary Morgenthau said on June 1 that the difference should be made up by taxes on corporations and individuals in the higher income brackets instead of increasing taxes on lower income groups.

More Silver To Replace Copper In War Industries

The Congressional silver group and Secretary of the Treasury Morgenthau reportedly agreed on May 28 on a plan to use silver bullion in the Treasury to replace copper in vital war industries. It is said that the pact was reached upon the assurance that the present silver purchase program will be maintained for the duration of the war.

Secretary Morgenthau, Secretary of Commerce Jesse Jones and War Production Chief Donald Nelson met with the Congressional group to consider the plan.

Associated Press Washington advices stated:

Their plan would permit the Treasury to make available to the Defense Plan Corp., which Jones heads, for transmission to the WPB for allocation to industry, 53,000 tons of silver held in the Treasury as backing for silver certificates.

Mr. Nelson has said that about 39,000 tons of silver now in the Treasury could be used to replace copper needed in making butadiene from alcohol, a step in the production of synthetic rubber.

Title to the metal would remain in the Treasury, under the plan. Of 100,000 tons of silver held by that agency, 42,000 tons of "free" silver—not backing currency—already has been made available to industry for bus-bars in aluminum plants, saving approximately 47,000 tons of copper and leaving about 5,000 tons of free silver in the Treasury.

Release of the previous silver was noted in these columns of April 16, page 1560.

U. S. And China Sign Master Lend-Lease Pact

Following the formal proposal by the United States that Russia and China subscribe to the terms of the master agreement on settlement of lend-lease aid which was recently concluded with Great Britain, Secretary of State Hull and T. V. Soong, Chinese Foreign Minister, on June 2 signed the pact on behalf of their respective countries. Secretary Hull handed the proposals to Soviet Ambassador Maxim Litvinoff on May 26 and to the Chinese Foreign Minister on May 27. Mr. Hull then emphasized that the draft agreements were substantially the same as that reached with Britain last February, given in these columns March 5, page 953. The British agreement reaffirmed the United States' purpose of supplying lend-lease aid and sets forth the following as the fundamental framework of the final settlement: Expansion of production, employment and trade; elimination of discriminatory treatment in international commerce; a reduction in tariffs and other trade barriers; and, in general, the attainment of the economic objectives of the Atlantic Charter.

It was pointed out by the White House at that time that "it shall be a settlement by agreement open to participation by all other nations of like mind," and that its purpose "shall be not to burden but to improve world-wide economic relations."

Dr. Soong conferred with President Roosevelt at the White House on June 1 about war and supply problems and indicated that China would accept the lend-lease accord.

Federal Reserve Booklet

The Federal Reserve Bank of Minneapolis has issued a factual, educational picture book describing the Federal Reserve System. The booklet, entitled "Your Money and the Federal Reserve System," was prepared by Oliver Powell, First Vice President of the Minneapolis Reserve Bank. There are numerous illustrated chapters covering money, including its circulation, the various kinds, its spending value and its various other uses and a description of the Federal Reserve System and how it serves banks, the government, business and industry and agriculture and how it acts as a stabilizing force. The periodical was prepared especially for use by high-school students.

Urge Savs.-Loan To Invest In War Bonds

Savings, building and loan executives on the War Policies Activities Committee of the United States Savings and Loan League recently met in Chicago to discuss the problems of a mortgage lending business in a nation which has stopped home building except in crowded war industry areas and imposed rent ceilings, removing a leading motive for purchasing real estate. "The excess of money received over the loan demand should be invested in government bonds," said the Committee headed by Ralph H. Cake, the League's First Vice-President.

He likewise said: "Associations can make no more direct or important contribution to victory than by accepting all the savings of the public that is offered, and investing this money in government bonds. In the long run this may necessitate the lowering of the association's dividend rate, but this is perfectly proper and necessary to victory. This committee feels that every association may very properly invest as much as possible of its total assets in government bonds (associations ordinarily keep a relatively small percentage of assets in Government securities). Associations are urged to invest in Treasury 'tap' issues. These bonds are especially designed to tap the savings that come to financial institutions and that can and should be channeled to the government for the financing of the War."

To associations in war industry areas the Committee says: "Housing will not win the war, but inadequate housing facilities for war workers may help lose the war. In many war areas the continued production of small housing is essential to victory. This should be privately built and financed where possible. In areas where an additional amount of small, permanent housing is needed, associations are expected by our Government and the people of this country to participate in the war housing program even if it involves taking a lower return on mortgage investments and taking more than ordinary risks. Savings and loan associations have a vital role to play in the private war housing program."

Wall St. Cashiers' Outing

The Cashiers Association of Wall Street, Inc., will hold its annual outing on September 12th at the Elks Club, Oakwood Heights, Staten Island.

Railroad Savs.-Loan Ass'n Appointments

The Board of Directors of the Railroad Federal Savings and Loan Association, New York, N. Y., has made the following appointments, it was announced yesterday by George L. Bliss, President of that institution:

Irving D. Perry, of Syracuse, N. Y., who served for a number of years as field representative of the Federal Home Loan Bank of New York, as Assistant to the President. Prior to his association with the Federal Home Loan Bank of New York, Mr. Perry was Secretary-Treasurer of the First Federal Savings and Loan Association of Syracuse, N. Y., and was previously new business manager of the City Bank Trust Company of Syracuse.

Robert K. Bruhn, who for a number of years was a field representative of the Federal Savings and Loan Insurance Corporation, Washington, D. C., as Assistant Secretary. Prior to his service with the Federal agency, Mr. Bruhn was engaged in the savings and loan business in Birmingham, Alabama, for a number of years. His home is at Westfield, N. J.

Alfred J. Clarke, Jr., formerly office manager of the New York Agency of the Reconstruction Finance Corp., as Manager at the Association's Fordham Branch. Prior to his service with the Reconstruction Finance Corporation, Mr. Clarke was associated with the New York Trust Company.

Donald Thompson, recently in charge of the savings and loan division in the New York City office of the National Cash Register Company, as Assistant Treasurer.

ODT Modifies Curb On Newspaper Deliveries

The Office of Defense Transportation on May 28 modified its ban against newspapers making more than one delivery to news dealers daily in rubber-tired vehicles. The ODT offered two alternative plans; one permitting newspapers one to four deliveries a day, depending on the size of the area served, but requiring a 25% reduction in delivery mileage, and the other permitting an unlimited number of deliveries but requiring a 40% reduction in mileage, compared with the same month last year.

Under the first plan, newspapers serving a commercial area having a population under 200,000 by Census Bureau figures will be permitted only one delivery a day, said the Associated Press; it added:

> Papers serving an area of 200,000 to 700,000 population will be allowed two deliveries; those serving 700,000 to 2,000,000, three deliveries, and those serving an area of more than 2,000,000 population, four deliveries.
>
> Under either plan special deliveries and callbacks are prohibited, as they are to virtually all local delivery services.
>
> The modified plans go into effect June 1.

Previous reference to the order was made in these columns May 21, page 1953.

Hartford Bond Club Election; Field Day

HARTFORD, CONN. — E. C. Palmer, Estabrook & Co., President of the Bond Club of Hartford, announces the election of the following officers for the year beginning July 1, 1942:

President, George L. Goldsmith, The First Boston Corp.

Vice-President, Harold E. Faust, Equitable Securities Corp.

Secretary, John H. Beardsley, Conning & Co.

Treasurer, Edward F. Dustin, Day, Stoddard & Williams.

Elected as Governors were: Ernest H. Cady, Jr., Robert C. Buell & Co., for a three-year term, and George L. Austin, G. L. Austin & Co., and Joseph R. Kennedy, Kennedy, Peterson, Inc., for one-year terms. Stephen G. McKeon was elected non-resident Governor. K. S. Adams, Merrill & Co., and Charles P. Cooley, Jr., Cooley & Co., are also on the Board of Governors, having previously been elected for terms which have not expired.

The annual outing of the Hartford Bond Club will be held on Friday, June 12, at the Farmington Country Club, commencing at 1 p.m.

A special feature of the day will be several golf tournaments. The Charles T. Frisbie Trophy Medal play will be 18 holes scratch, winner to be recognized as Club Champion and have his name engraved on the trophy and retain possession for one year (open to bond club members only). For entries call Norbert Eaton, Lincoln R. Young & Co. Kicker's Handicap: Player to select any handicap he desires in order to obtain a net score between 70 and 75, inclusive—prizes in the form of war stamps. Medal Handicaps: Full players handicap to apply; perpetual challenge cup, donated by the Hartford National Bank & Trust Co., the Hartford Connecticut Trust Co., The Phoenix-State Bank & Trust Co., and the First National Bank, will be engraved with the name of the winner who may retain possession for one year; also a good second prize (open to club members only).

Tennis courts will be reserved for the afternoon by the Bond Club and there will be horseshoes and soft ball.

Estabrook & Co. have donated a $25 defense bond as a special prize—all members and guests attending will have an equal opportunity to win this award.

The Outing Committee is composed of Harold Faust, Chairman, Willard Snow, Bob Eaton and Ted Dustin. Jack Carleton, Jr., Riter & Co., is in charge of transportation to the Farmington Country Club.

Dewey Will Address Advertising Meeting

Thomas E. Dewey will be a featured speaker at a luncheon meeting on June 23, sponsored by the Advertising Women of New York, as part of the 38th annual convention and advertising exposition, Advertising Federation of America, it was announced on June 2 by Bruce Barton, Chairman of the Convention Program Committee. Two other speakers on this program will present information on how advertising is serving the war effort, while aiding the consumer.

The convention's chief purpose, Mr. Barton pointed out, is to discuss the present problems of advertising as it relates to the war effort, and make plans for advertising's role in the days ahead. The convention's general session of June 24 has been arranged with this in view. On that occasion Dr. Miller McClintock, Managing Director, Advertising Council, will outline and discuss the work of the Council which is the organization serving as contact between advertising and the Government. Following Dr. McClintock's talk, there will be a panel discussion on, "How We Are Meeting Our Wartime Advertising and Selling Problems," with Lowell Thomas as quizmaster. John P. Cunningham, Vice-President, Newell-Emmett Co., Inc., and William H. Howard, Executive Vice-President, R. H. Macy & Co., Inc., will participate, along with two other nationally known men. Questions from the floor will be welcomed. The announcement also indicated that its program would include the following:

> On Wednesday morning, prior to the talks by Dr. McClintock and the panel discussion, the Federation's Council on Advertising Club Activities will hear Ken R. Dyke, Chief Liaison Officer, Advertising Division, Office of Facts and Figures, Washington, who will discuss how advertising clubs can play a great part in war activities. The theme of the Council's session is "Our Job In A War Economy."

Reynolds & Co. Will Admit Four Partners

Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange and other leading Exchanges, on June 11 will admit W. H. Baldwin, Emmons Bryant, Jr., John E. Carney, and Joshua A. Davis to partnership in the firm. All have been associated with Reynolds & Co. for some time, Mr. Baldwin as a manager of the bank division and Mr. Davis as manager of the syndicate department.

Results Of Treasury Note Exchange Offer

Final subscription and allotment figures with respect to the offering of 1½% Treasury notes of Series B-1946, open to the holders of Home Owners' Loan Corporation bonds of Series G-1942-44, called for redemption on July 1, 1942, and Reconstruction Finance Corporation notes of Series S, maturing July 1, 1942, were announced on June 1 by Secretary of the Treasury Morgenthau.

A total of $847,035,300 of the HOLC bonds and $272,302,000 of the RFC notes were exchanged for the new 1½% Treasury notes, making total exchanges of $1,119,337,300. The HOLC bonds were outstanding in amount of $875,438,625 and the RFC notes in amount of $275,868,000.

Reference to the exchange details appeared in our May 28 issue, page 2048.

Subscriptions and allotments were divided among the several Federal Reserve Districts and the Treasury as follows:

Federal Reserve District	HOLC Bonds Exchanged	RFC Notes Exchanged	Total Exchanged
Boston	$18,139,100	$7,839,000	$25,978,100
New York	551,616,500	198,042,000	749,658,500
Philadelphia	44,378,100	6,398,000	50,776,100
Cleveland	20,697,300	5,803,000	26,500,300
Richmond	38,399,600	5,813,000	44,212,600
Atlanta	10,679,100	3,608,000	14,287,100
Chicago	75,573,800	29,521,000	105,094,800
St. Louis	13,333,400	2,458,000	15,791,400
Minneapolis	10,205,200	4,799,000	15,004,200
Kansas City	17,277,700	2,665,000	19,942,700
Dallas	5,794,700	995,000	6,789,700
San Francisco	36,451,100	4,196,000	40,647,100
Treasury	4,489,700	165,000	4,654,700
Total	$847,035,300	$272,302,000	$1,119,337,300

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Transfer of the Exchange membership of Donald M. Smith to Fred A. Fendel will be considered on June 11th. Both are partners in Jacquest Coe & Co., New York City, and Mr. Fendel will continue as a partner.

Privilege of A. Brendan Cooke to act as alternate on the floor of the Exchange for Joseph deF. Junkin, 3rd, was withdrawn as of May 21st, on which date the firm of Junkin & Cooke was dissolved.

Privilege of Charles H. Worthington to act as alternate for Nathaniel S. Howe of Howe & Co., New York City, was withdrawn on May 31st.

Privilege of Nathaniel Parkinson to act as alternate for John Parkinson, Jr. of Hutchins & Parkinson, New York City, was withdrawn on June 1st.

The application of Roberts & Co., New York City, to admit William B. Giles as a general partner on June 1st, 1942 has been withdrawn by the firm.

Jason E. Billings and Oliver C. Billings, member of the New York Stock Exchange, withdrew from partnership in Billings, Olcott & Co., New York City, as of May 31st.

Horace S. Gumbel, Jr. retired from partnership in Faroll Brothers, New York City, effective May 31st.

Giles, Norris & Hay, New York City, was dissolved as of May 31st.

Francis, Bro. & Co., St. Louis, Mo., retired as an Exchange member firm as of April 1, 1942.

McLean, Bishop & Warren have become inactive, as of May 14th, 1942, during the period that all active general partners are engaged in war service.

Hickey Elected V.-P. Of Continental Bank

John F. Hickey, for many years active in the banking and security business, has been elected a Vice-President of The Continental Bank & Trust Co. of New York. Formerly associated with the Harris Trust & Savings Bank in Chicago and later heading the investment firm of Hickey, Doyle & Co. with offices in Chicago and New York, Mr. Hickey has been serving in a volunteer capacity as assistant treasurer of the USO. Mr. Hickey was an officer in the 37th Division of Ohio during the first World War.

Final Edition THURSDAY **In 2 Sections – Section 2**

FINANCIAL The COMMERCIAL CHRONICLE

(Reg. U. S. Pat. Office)

Volume 155 Number 4078 New York, N. Y., Thursday, June 4, 1942 Price 60 Cents a Copy

Eccles Criticizes Competitive Bidding Up Of Wages & Salaries As Forcing Inflation

The necessity of "restraint on increases in wages, salaries, bonuses and other such payments" was stressed on May 25 by Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System, in an address in Washington before the District of Columbia Bankers. In declaring that the situation not only as to rising prices but increased wages calls for coordinated action on many fronts." Mr. Eccles commenting on the "spiraling of wage rates," said that restraint in the latter cases "means that employers in defense and in non-defense industries must refrain from the competitive bidding up of wages and salaries which results inevitably from the increasing demands of war production for additional workers and from the natural reluctance of non-defense industry to part with its employees." He went on to say:

We have heard overmuch perhaps about union agitation for increased wages, but I venture to say that the competitive situation into which large and small employers have been thrust by the very nature of a war economy is doing more to drive up the general level of wages and income payments than all the combined efforts of union leaders. This competitive bidding for workers, resulting in a rapid spiraling of wage rates, has to be stopped.

Employers who see only their immediate horizon have little or no incentive for stopping it. They figure that with the Government taking through taxes most of the money they earn, they might as well pay whatever wages will hold their own workers or hire away a competitor's. The increased wages can be charged up to expenses. On cost plus (fixed fee) contracts there isn't any incentive for the contractor to put on the brakes. But the Government loses taxes because some of the money escapes from the high corporate taxes into pockets that the tax collector may fail

(Continued on page 2127)

FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

In the realization that has recently come to Congress that it was losing its voice in the affairs of men, and in its efforts to do something about the situation, that body seems only to bog down deeper. Unjustly so.

Recently, the Senate Banking and Currency Committee gulpingly swallowed a proposal to authorize Leon Henderson and Jesse Jones to subsidize industries caught in Leon's price ceiling strait-jacket. It was Henderson's baby, but Jones went to the front for it just as he has done for so many New Deal projects in the past.

The Senate turned the proposal down. One underlying reason was the experience Jesse has just had with the New Dealers. Time after time Congress has delegated authority to the Executive Branch because Jesse was to administer it and Congress had confidence in him. But several weeks ago the New Dealers went on a campaign to whittle this authority away from him and take it into their own hands. So when Jesse appeared before the Committee in support of this latest proposal, members wanted to know if he had not learned his lesson.

But the underlying reason which is being most widely attributed to the Senate in killing the proposal is that Leon has ignored members of Congress in his appointment of State Rationing Directors, their assistants and clerical help. Leon is seeking appropriations for a set-up of some 102,000 persons which would make it next to Agriculture in the Government bureaucracies. Because he has by-passed Congress it is reported he is having plenty of trouble in getting his appropriation.

Now, according to Congress' critics, this is the very sort of stuff that has brought the body into disrepute.

I submit that, instead, it has been Congress' complacency in such matters that has permitted the bureaucracy to get the upper hand over it.

Just why it is assumed by the intellectuals that the members of Congress are politicians and the up-town New Dealers are not, but unselfish public servants, is difficult to understand.

Up until the time the New Deal got a definite foothold, the members of Congress, particularly the Senators, controlled the personnel of the Executive Branch. Innumerable times the Senate has turned down a President's ap-

(Continued on page 2129)

GENERAL CONTENTS

THE FINANCIAL SITUATION

Public officials, from the President down, appear of late to have grown uneasy lest a feeling of "over-optimism" develop here in the United States which might in some measure impede the war effort, but in official as well as in unofficial circles a hopefulness of an earlier ending of the war than had been expected appears to be manifest, and it has brought with it a revival of interest in what has been termed "winning the peace." Current discussions of this latter subject, which have been frequent of late in circles in close sympathy with the Roosevelt-Willkie ideas of our part in post-war international affairs, were on Memorial Day brought to a sort of climax by Under-Secretary of State Sumner Welles. It may of course be taken for granted that Mr. Welles spoke with the knowledge and approval of the President. His address is in some quarters spoken of as a further and somewhat more explicit exposition of the so-called Atlantic Charter.

Mr. Welles does not appear very specific to us, but what he said is not, at several points, particularly reassuring. Quite the contrary, in fact. Indeed it seems to us that the thoughtful reader cannot well fail to find some distinctly ominous implications in his words. We quote:

> I believe they (the men who do the fighting) will insist that the United Nations undertake the maintenance of an international police power in the years after the war to insure freedom from fear to peace-loving peoples until there is established that permanent system of general security promised by the Atlantic Charter.
>
> Finally, I believe they will demand that the United Nations become the nucleus of a world organization of the future to determine the final terms of a just, an honest and a durable peace to be entered into after the passing of the period of social and economic chaos which will come inevitably upon the termination of the present war, and after the completion of the initial and gigantic task of relief, of reconstruction and of rehabilitation which will confront the United Nations at the time of the armistice.

Can it be that Mr. Welles—and presumably the Administration — evisages "years" of "social and economic chaos" after the fighting has ceased before peace terms are arranged or such countries as Germany, Italy and Japan accorded the status of nations at all? During which time the United Nations will rule the world through a "police force" of their own? And during which time the vic-

(Continued on page 2123)

Hard-Headed Skepticism

We have every right, and every duty, both of self-interest, of common sense and common humanity, in endeavoring so to arrange affairs that another 20 years will not see another generation forced into the same conflict. I believe, accordingly, that the men to whom responsibility must be entrusted now, must be men who are capable of realizing what is at stake, and of formulating the policies needed to finish this job as well as to begin it.

The isolationist who wanted to run away from the war will be the same man who would accept a compromise peace, or would run away from the obligation which we shall have to assume to see that the peace is kept.

The man who tried to play it safe on the issue whether we should assist in the fight against Axis conquest would be the first to try to dodge the issue as to whether we should safeguard liberty and the safety we have won, once victory has been achieved by blood and sweat.—A. A. Berle, Jr.

For our part, we suspect that participation by men endowed with a reasonable degree of hard-headed skepticism, far from hurting, would greatly promote sound post-war reconstruction and pacification.

Urges Action To Cope With Rubber Problem

The seriousness of America's rubber situation and the urgent need for speed in creating large-scale synthetic rubber capacity, at the same time conserving every available pound of rubber, are major points made by John L. Collyer, President of the B. F. Goodrich Co., Akron, Ohio, in his testimony to the special Senate Committee investigating the national defense program. The committee made public Mr. Collyer's statement on May 23; he stated therein:

"We must rush the building of synthetic plants without losing a moment. Synthetic rubber production estimates have been made for the years 1943 and 1944. But these estimates might be upset by shortage of structural materials, transportation delays and shortage of experienced engineering personnel. The Government and industry must organize so that work will proceed with the utmost speed, overcoming all hindrances. It has been indicated that necessary priorities will be given; and this, of course, is fundamental.

"Equally important, however, is for us all to understand clearly that we have two other equally big jobs to do. One is the collection of scrap rubber so that we can fully utilize the facilities that we have for making reclaimed rubber."

In part Mr. Collyer also had the following to say:

"The other big job we have to do is to intensify our program of **rubber conservation.**

"In estimating future rubber consumption no provision has been made for the removal of present restrictions on tires for civilian use. Eventually products made of rubber must be replaced or vital services will break down. Workers must have transportation to and from distant war production jobs. A way must be found to keep America's automobiles and trucks—key factors in U. S. war or peace economy — on the road. We must keep **them** rolling, too.

"This is the reason that we must press for further action which will make rubber available for the basic needs of the American people. Only one course is open. We need a much more intensive program of rubber conservation. This can be accomplished by the wholehearted cooperation of the Government, industry, the Army and Navy, and private owners of automotive equipment."

Mr. Collyer traced his company's 16-year synthetic rubber research program and stated that B. F. Goodrich had already filed 60 patent applications covering novel features of its work, with 100 other patents in the course of preparation.

In discussing the use of synthetic rubber in the manufacture of tires, the B. F. Goodrich President said his company had made and successfully tested passenger car tires in which synthetic rubber replaced all of the natural rubber ordinarily used except for approximately one ounce in insulation around the bead wire.

Mr. Collyer referred to the scrap rubber situation as critical, calling "for prompt and effective action." "Dependence," he said, "upon reclaimed rubber is a basic factor in all planning to bridge the gap until synthetic rubber begins to come in, and even thereafter, as well." He likewise said, "it will take an all-out continuing nation-wide 'rubber round-up' to bring in the worn and discarded rubber products that are desperately needed.

"I cannot emphasize too strongly this imperative need to comb every county in this country for the scrap rubber that will help us to meet the rubber crisis."

Editorial—

The Menace Of Expanded Federal Taxation To Electric Utility Prosperity

By ERNEST R. ABRAMS

The greatest threat to the continued prosperity of electric and gas utilities in the country today is vastly expanded Federal taxation. During 1941, according to National Industrial Conference Board data, manufacturers of durable goods enjoyed a 49% increase in gross sales over the previous year, while makers of non-durable goods showed 1941 sales 29% higher than those of 1940. But the gross revenues of utilities expanded only 9% during the year.

Moreover, even though their Federal tax bills increased sharply during the year, manufacturing enterprises, collectively, were still able to report a 1941 gain of 20% in net income available for dividends. But the electric utilities, as a group, due to substantially increased operating costs, vastly expanded Federal taxes, and a capital turnover eight times slower than enjoyed by general business, had an aggregate 1941 net income 3.3% below that of 1940. And it is now proposed that Federal tax rates applicable to 1942 revenues be expanded to a point where the net income of electric and gas utilities will be some 30% below the 1941 level.

But these are generalities. Perhaps the best method of indicating the adverse effect of existing and proposed Federal taxes on the earnings of operating gas and electric utilities, and upon utility holding company systems, is to sight specific examples. During 1941 Columbia Gas & Electric Corporation and its subsidiary companies accrued Federal taxes aggregating $15,476,909. This exceeds by more than $6,783,000, or over 78%, the amount of Federal taxes accrued in the previous year. And due largely to the vast expansion in its Federal tax bill, the Columbia System's 1941 consolidated net earnings were almost a fifth below those reported in 1940.

Moreover, if the Columbia System had been forced to pay Federal taxes on 1941 operations at rates proposed by the House Ways and Means Committee, its 1941 Federal tax bill would have increased over 1940 by more than 141%, instead of the 78% increase actually experienced. And if the rates proposed by the U. S. Treasury Department had been in effect in 1941, its Federal tax bill would have been 161% higher than in the preceding year.

In a sense, of course, Columbia Gas & Electric is not typical of the holding company field. It suffered severely last year and will continue to suffer under existing and proposed rates, because so many of its operating subsidiaries, engaged in extracting a mineral product from the ground, have not found it possible or feasible to secure any major proportion of their capital requirements directly from the public. Their capital needs, in the main, have had to be supplied largely by Columbia Gas & Electric Corp., itself, and Internal Revenue Department rules have a penalizing effect on that type of holding company capital structure.

Unfortunately, however, the effect of existing and proposed Federal taxes on the earnings of operating electric and gas utilities lends little hope that these types of operation can enjoy a healthy life under a tax-hungry Treasury and a Congress which unwittingly ignores their special problems. In an endeavor to set up a "yardstick" for the measurement of normal operating conditions, to establish some basis for the determination of earnings resulting from non-war and non-defense activities, Congress accepted the four-year 1936-1939 period as the base period, and provided in earlier tax legislation that the average amount earned during the base period should be the measure of normal non-war earnings of private enterprises. It now appears to be considering the abandonment of its own "yardstick."

To indicate the adverse effect of existing Federal tax rates, and those proposed for enactment, on the earnings of an operating electric and gas utility, consider the case of The Cincinnati Gas & Electric Company. Supplying gas and electricity to a population of 725,000, largely in Ohio, its household electric rates practically are the lowest in the country. Yet, despite an enviable operating record, and due almost wholly to increased Federal taxation during the year, its 1941 net income was more than 23% below the average net income for the 1936-1939 base period. Moreover, if the rates recently proposed by the House Ways and Means Committee had been applicable last year, Cincinnati Gas & Electric's 1941 net income would have been 53% below the average for the base period. And had the rates proposed by the Treasury Department been in effect, the company's 1941 net income would have been 68% below the base period average.

The effects of existing and proposed Federal tax rates on the net income of Cincinnati Gas & Electric Company, in large measure, are typical of results experienced and to be experienced by all the major operating electric and gas utilities in Ohio. According to a study based on data submitted by nine utilities, which, collectively, serve 85% of the population of the State, the aggregate net income of the nine systems during 1941 was 15.7% below the average of combined net income for the 1936-1939 base period. By individual companies the percentages of decline ranged from a low of 7.2% to a high of 26.7%, with none of the nine companies reporting net income in excess of the base period average.

And when the tax rates proposed by the Treasury Department were applied to 1941 operations, the aggregate net income of the nine utilities was 50.5% below the 1936-1939 average, with the lowest decline 40.0%, the highest 66.4%, and with no utility showing an increase in net income over the base period average.

The reduction through Federal taxation of the aggregate net income of nine important Ohio utilities to less than 85% of their combined average net income in the four years 1936-1939 obviously cannot be attributed to the draining away of war-stimulated excess profits. The maximum rate of return which the Ohio Public Service Commission permits electric and gas utilities to earn on their proved investment in facilities devoted to public service is 6½% for gas utilities, and a somewhat lower rate for electric utilities. And since public and political pressure during depression years of a decade ago were directed at reduced rates for household gas and electric service, it is improbable that any one of the nine Ohio utilities, on whose operating results these calculations were based, even approached its maximum allowable rate of return during the 1936-1939 base period. As a result Federal taxation of electric and gas utilities at present or proposed rates cannot be justified on the grounds that wartime "excess profits" are being seized.

Moreover, with taxes at the levels proposed either by the House Ways and Means Committee or the Treasury Department, electric and gas utilities will lose all opportunity to protect the owners of their equity capital. Rate increases to correct for taxes are out of the question. Not only are they in opposition to the Government's price-ceiling policies, but with Federal tax gatherers preparing to take close to 90 cents of each dollar of added earnings, these rate boosts would, of necessity, have to be nine or ten times greater than the relief they were designed to afford.

If our electric and gas utilities are to be kept in a sound condition for the duration, if they are to continue payments to investors for the hire of capital, our legislators and tax authorities must recognize that they are deserving of special treatment in future revenue laws. They must understand that publicly regulated enterprises cannot be subjected to the same exactions that apply to non-regulated undertakings. They must appreciate that governmental regulatory bodies long ago removed all possibility of war profits or excess profits from the electric and gas utility fields.

The State Of Trade

Reports from most sections continue to show a high level of activity, especially where the heavy industries are concerned. Employment in the domestic steel industry reached an all-time high in April, with 654,000 workers on the pay rolls, the American Iron & Steel Institute reveals. This was 1,000 more workers than were employed in March, and compared with employment of 621,000 in April last year.

April pay rolls also established a new monthly peak at $118,568,000 compared with $116,998,000 in March and $108,557,000 in April of last year.

Electric power production continues to hold at high levels, the latest report showing production 11.2% above the year ago total of 3,040,029,000 kilowatt hours. Production of electricity increased 0.7% in the week ended May 23, to 3,379,985,000 kilowatt hours from 3,356,921,000 in the preceding week, the Edison Electric Institute announced in its latest report.

Latest reports from the Association of American Railroads show carloadings of revenue freight at 837,748 cars. This was a decrease of 1,304 cars, or 0.2 of 1% compared with the preceding week; a decrease of 28,279 cars, or 3.3%, compared with a year ago, and an increase of 150,268 cars, or 21.9% compared with 1940.

Steel ingot production in the United States is scheduled this week at 99.3% of capacity, off three-tenths of a point from last week's 99.6%, which equaled the all-time high established in March this year. At 99.3% the industry, it is estimated, will produce 1,686,700 net tons of ingots this week against 1,691,800 tons last week.

Official as well as unofficial business indices disclose that business activity has held steady at generally high levels from January through May. It is believed that the second half of the year will witness a markedly accelerated rate of industrial activity.

This stable level of business is considered highly satisfactory in view of the fears expressed late last year that conversion to war work would cause a temporary slump. With conversion drawing to a close in a number of key industries, and new war plants going into production constantly, business indices will now rise rapidly. It is expected, for example, that the Federal Reserve Board index will rise some 25 points over the remainder of the year to reach the 200 level.

Output for war is at high levels and well in excess of expectations, informed sources state. May output was at an annual rate of $47,000,000,000, whereas just a year ago the rate was slightly under $10,000,000,000. Mr. Nelson predicts that each remaining month

of 1942 will see further progress, with the annual rate exceeding $60,000,000,000 before the Fall season is over.

The rapidity with which American industry converted from peace-time assembly lines to production of armaments was described by Mr. Henderson as "one of the greatest miracles in modern civilized production." The nation's productive system today stands ready, he said, to transfer into manufactured goods any quantity of raw materials within reach.

The general belief, among both Government representatives and business men, is that before the end of the year nothing that is not essential to the civilian economy or to the war effort will be produced. The peak of consumer goods production was last August. Output of such merchandise has been declining steadily since then and is expected to go down another 24% in 1942.

Gasoline rationing and restrictions on instalment purchases were factors in the decline in retail trade last week to below the same 1941 week's figures for the second week, according to Dun & Bradstreet, Inc.'s statistics. Volume dropped 3 to 5% below last year. The South was the only region to show a gain, averaging 3 to 7%.

The Federal Reserve Board reported department store sales dropped below the 1941 figures for the first time this year.

Retailers reported price ceilings had stimulated relatively little curiosity or new business. The response to advertised sales, however, showed that shoppers were both price conscious and quality minded, observers state.

Retail trade has now declined markedly from the frenzied buying of the earlier months of the year, a survey of retail executives indicate. Trade this month, as a matter of fact, will fail to make the usual seasonal gains, with the result that seasonally adjusted trade indices will tumble noticeably, it is said.

National income climbed to a record $8,784,000,000 in April, the Commerce Department reports. This total of all wages, salaries, dividend payments and other forms of income payment, considered in the light of seasonal factors, would mean an annual national income of $109,000,000,000, official advices state. Last year's total was $92,100,000,000.

April Exchange Sales: Market Value Down 22%

The Securities and Exchange Commission announces that the market value of total sales on all registered exchanges for April 1942, amounted to $371,963,673, a decrease of 22.2% from the market value of total sales for March, and a decrease of 32.4% from the market value of total sales for April, 1941. Stock sales, excluding right and warrant sales, had a market value of $272,873,945, a decrease of 20.0% from March. Bond sales were valued at $99,075,024, a decrease of 27.7% from March. The market value of right and warrant sales totaled $14,704. The Commission further explained:

> The volume of stock sales, excluding right and warrant sales, was 13,585,307 shares, a decrease of 16.8% from March. Total principal amount of bond sales was $202,862,000, a decrease of 33.9% from March. The volume of right and warrant sales was 27,643 units.
>
> The two New York exchanges accounted for 92.2% of the market value of total sales, 89.5% of the market value of stock sales, and 99.8% of the market value of bond sales on all registered securities exchanges.
>
> The market value of total sales on all exempted securities exchanges for April 1942 was $483,370.

THE FINANCIAL SITUATION

(Continued From First Page)

torious powers will deliberate upon and ultimately decide, perhaps upon the basis of "good behavior," what the terms of "a just, an honest and a durable peace" shall be? How disconcertingly like our own "reconstruction period" following the Civil War all this sounds!

Reconstruction and Rehabilitation

But of this period, which apparently is to precede peace treaties, of "relief, of reconstruction and of rehabilitation" Mr. Welles says:

> The problem which will confront us when the years of the post-war period are reached is not primarily one of production. For the world can readily produce what mankind requires. The problem is rather one of distribution and purchasing power; of providing the mechanism whereby what the world produces may be fairly distributed among the nations of the world, and of providing the means whereby the people of the world may obtain the world's goods and services. Your Government has already taken steps to obtain the support and active cooperation of others of the United Nations in this great task; a task which in every sense of the term is a new frontier—a frontier of limitless expanse—the frontier of human welfare.
>
> When the war ends with the resultant exhaustion which will then beset so many of the nations who are joined with us, only the United States will have the strength and the resources to lead the world out of the slough in which it has struggled so long; to lead the way toward a world order in which there can be freedom from want.

Is it possible that the President is thinking seriously of a post-war New Deal world resting at bottom upon the Washington collection of reform and economic fallacy? And financed by a generous United States Government, which by that time, despite all the wealth and productive power of the country and notwithstanding all the clever market rigging that has been devised in recent years, may well be obliged to scratch for its dollars—or else merely print them? One observer not long ago had the hardihood to suggest that much of Asia after the war would be converted into a giant WPA project! His suggestion appeared at the time to be so fantastic that it was difficult to credit it even to the day-dreamers of whom there are so many in Washington. Somehow it seems less beyond credulity now that Mr. Welles has spoken.

Imperialism and Investment

The days of the old style imperialism are over, they all repeat in joint refrain. Perhaps they are. Possibly they ought to be. Certainly, there was a good deal that poorly stood the light of day. Yet in the next breath these world reformers insist that want, and the fear of want must vanish from the earth. Surely, those who plan in this way for a world millenium must be aware that there are many places on this earth where private capital would not flow and could not be expected to flow if they were left wholly under the control and direction of local populations, or if the insistence upon liberty "for all people" were carried to the point of Balkanizing these areas. Resources are not developed and the material comforts of life are not made available to vast millions of people without the investment of capital—or without the guidance and direction of those who know how to get the right things done and who naturally want payment for their services.

Perhaps Mr. Welles could not be expected to be specific in his discussion of liberty for all peoples and the like. In the first place, our own allies are masters of large areas of the earth, of hundreds of millions of alien peoples. India has of late been a good deal in the public eye in this connection. So has Burma and Malaya. There are many other problems of a like sort. But quite apart from such delicate subjects, the experience of President Wilson in trying to put his "self-determination" theories into practice, particularly in certain sections of Europe, is of course well known to Mr. Welles—not merely the difficulty of persuading others to follow our lead, but the problem of applying the concept even theoretically.

Should Raise Doubts

Not a great deal of calm reflection would be needed, we believe, to convince any realistic student of the visionary quality of such plans for remaking or reforming the world—and of the hazard to us of undertaking any such task as seems to be implied in most of what is being said about "winning the peace." Certainly Mr. Welles' contribution should be sufficient to stimulate thought and to raise many doubts in many minds. Yet it must be said that the constant stream of propaganda now issuing from Washington and from other sources, particularly, perhaps, Mr. Willkie, is apparently creating an emotional "attitude" among the American people which cannot fail to be disturbing to the matriculate. It is so easy to talk about the folly of winning the war and "losing the peace." It is so simple, and so appealing to the thousands who are obliged to suffer the hardships, not to say the terrors, of this war, to insist that adequate steps be taken to prevent another such conflict in the years to come. It is so obvious that whatever can be done to reach such a goal should be done that few pause to give a commonsense appraisal to proposals designed to accomplish that most desirable end.

Is it not about time some one came forward with a warning of "over-confidence" about "winning the peace," and insisted that efforts designed to "win the peace" meet the test of reasonableness and practical feasibility?

U. S. Must Join Post War World Group To Insure Just And Durable Peace: Welles

Under Secretary of State Sumner Welles on May 30 declared that the United States, after the victory is won, must join with the other United Nations to become the "nucleus of a world organization of the future to determine the final terms of a just, an honest and a durable peace to be entered into after the passing of the period of social and economic chaos which will come inevitably upon the termination of the present war, and after the completion of the initial and gigantic task of relief, of reconstruction and of rehabilitation which will confront the United Nations at the time of the armistice."

Speaking at Memorial Day exercises at Arlington National Cemetery, Mr. Welles said that "this is in very truth a peoples war," and that "it is a war which cannot be regarded as won until the fundamental rights of the peoples of the earth are secured." "In no other manner," he added, "can a true peace be achieved." He also expressed the belief that an international police power will have to be maintained in the years after the war until the permanent system of general security, promised by the Atlantic Charter, is established and that the United Nations must undertake during the armistice period the disarmament of all nations, as set forth in the Atlantic Charter, which "may threaten aggression outside their frontiers."

Another condition set forth by Mr. Welles was that justice be done to those "individuals, groups or peoples" truly accountable for the war but that "no element in any nation will be forced to atone vicariously for crimes for which it is not responsible."

Asserting that the primary problem of the post-war period will not be production, Mr. Welles declared that it will be one "of distribution and purchasing power, of providing the mechanism whereby what the world produces may be fairly distributed among the nations of the world, and of providing the means whereby the peoples of the world may obtain the world's goods and services." He added that the United States alone will have the strength and the resources "to lead the way toward a world order in which there can be freedom from want," and to this end will respect the "right of all peoples to determine for themselves the type of internal economic organization which is best suited to their circumstances."

Saying the Inter-American system built up between the peoples of the United States and the Western Hemisphere "constitutes the only example in the world today of a regional federation of free and independent peoples," Mr. Welles expressed belief that it will never be relinquished, declaring that "it should constitute a cornerstone in the world structure of the future."

In conclusion, Under Secretary Welles declared:

> If this war is in fact a war for the liberation of peoples, it must assure the sovereign equality of peoples throughout the world, as well as in the world of the Americas. Our victory must bring in its train the liberation of all peoples. Discrimination between peoples because of their race, creed or color must be abolished. The age of imperialism is ended. The right of a people to their freedom must be recognized, as the civilized world long since recognized the right of an individual to his personal freedom. The principles of the Atlantic Charter must be guaranteed to the world as a whole—in all oceans and in all continents.

Post War Period Of Greatest Economic Growth Envisioned By Dr. Paul Cadman, ABA Economist

Envisioning the possibility after the war of great economic development for the United States, together with an increase in social gains and world influence, Dr. Paul F. Cadman, economist for the American Bankers Association at the dinner session, on May 25, in New York of the annual meeting of the New York State Bankers Association, asserted that he cannot subscribe to the prevailing theory that the war will be followed by one of the worst depressions in history. "On the contrary," he said, "there is a good deal of evidence to substantiate the opinion that we may enjoy the period of our greatest economic development, of our greatest world influence and of our greatest social gains." Expressing the opinion that "there will be enough to do in the reconstruction period to keep all the facilities of the modern world working to capacity for 20 years," Mr. Cadman remarked:

But there remains the important question: How is all this to be paid for? So far as the United States is concerned, our financial instruments will rest upon a gold reserve approximating $25,000,000,000, the largest by many times of any ever before accumulated. Despite all the speculation to the contrary, gold is still the world-wide measure of value. It constitutes the best and most generally accepted medium of exchange and there is no convincing evidence that its importance has diminished in the slightest degree. Although this gold is now essentially a part of our total monetary supply, it could be used by a wise statesmanship to finance the recovery of our customers throughout the world.

We will have to lend courageously — perhaps heroically — as England did at the close of the Napoleonic Wars when she set about building an economic empire. Happily, in our post-war period, isolationism will have completely expired. The present conflict has proved conclusively that isolationism is and always has been a myth. We shall therefore sit in the international councils where world recovery is programmed and instrumented. We shall invest in the municipal bonds issued to rebuild the City of London and Coventry and other great centers. Strange as it may sound, we will supply the machinery and equipment to build up our competitors throughout the world, with the full knowledge that our own skill and energy and scientific genius will thrive on competition.

In all likelihood, we shall be in the market heavily for imports of rubber, tin, and the more than a hundred significant commodities which are an essential part of our daily life. It is conceivable that the modern world could exhaust itself, consume its wealth, and bankrupt its resources in this conflict, but when peace comes again, men will still need not only the necessities of life, but their energy and genius will find comforts, conveniences, and, ultimately, luxuries.

Mr. Cadman, the subject of whose address was "War Financing and the American Economy," also had the following to say in part:

Financing the war is a stupendous undertaking. It can be done with a margin of safety, provided we bring to the effort the impeccable integrity which will maintain the confidence of every taxpayer and every saver who makes his or her contribution. Sound finance is like sound government. It rests upon the integrity of the promisor. One reason we can bear a $200,000,000,000 debt is that those who put up a large part of the money have unlimited faith in the contract under which it is borrowed. Another reason we can support a $200,000,000,000 debt is that we have the productive capacity to produce enough wealth after the war to service that debt, to meet the interest charges on it, and ultimately, to pay it. But that task envisages an industrial and agricultural output greater than anything heretofore achieved. It means world markets as well as domestic markets. It means a new economic statesmanship fully conscious of the fact that the ghost of isolationism has been laid. It means an independent American people, released from the dead hand of bureaucracy — freed from the multiplicity of executive controls which are a necessary but nonetheless un-American adjunct of war.

From Mr. Cadman's address we also quote:

Unless the United States is invaded by land, we shall emerge from this war with our productive capacities at an all-time high. * * * Perhaps of greater significance is the fact that we shall have the largest supply of skilled labor which any country has ever enjoyed in the entire history of the world.

We are only now on the threshold of developing markets with huge buying power. In the United States our markets for automobiles, mechanical equipment, comforts, and conveniences, will be virtually exhausted. The pent-up demand of a machine-conscious public will be immense. Should we emerge from the war without invasion, we may also serve world markets of tremendous demand. Nations with immense populations will be confronted with the problem of rebuilding cities, transportation, factories, farms, mines, oil fields, and all the productive forces that have come under the devastating influence of actual battle. Literally millions of people will look to the United States for the food supplies which will stand between them and starvation.

FDR Asks $600 Million For War Housing Needs

President Roosevelt requested Congress on May 27 to appropriate an additional $600,000,000 for war housing to meet the minimum needs of an estimated 1,600,000 workers migrating to war production centers in the 1943 fiscal year. In a special message to Congress on that day, the President pointed out that $1,020,000,000 has already been appropriated for the construction of war housing and he said that this figure is less than 1% of the funds made available for war purposes. He added that allocation of funds for shelter of war workers "is a wise and established national policy" and should continue. Mr. Roosevelt urged early consideration of the request for $600,000,000 more.

The President's message on housing follows:

To the Congress of the United States:

From time to time I have indicated to the Congress the need for adequate housing facilities for the workers moving in vast numbers into areas of expanding war production.

This war involves a total national effort and industrial mobilization. Industry cannot expand with sufficient rapidity unless there are enough houses to bring the worker to the job, keep him on the job, and maintain his efficiency and morale. More than ever before in our history, we need houses to help win the war.

Thus far, Congress has shown a full appreciation of this need, and has made $1,020,000,000 in appropriations available for the construction of war housing. This figure reduces to its true perspective when we realize that it is less than 1% of the funds made available for war purposes. The allocation of war funds for the shelter of the men and women leaving their homes to serve our war industries is a wise and established national policy.

That policy should continue. War production is now increasing in geometric ratio. Plant capacities are expanding faster and faster. Consistent reports from all over the country indicate a rising need for housing, running far ahead of the supply and threatening seriously to reduce the effective use of these plants unless remedied at once.

It is clear that the increase in employment in war industries ,during the fiscal year 1943, will amount to several million workers. To reduce the amount of new housing required by this expansion, all reasonable resources are being earnestly pursued. These include conversion of local plants to war purposes, transfers of local workers to war jobs, and drawing upon new sources of local labor supply. While in some cases adequate housing should be provided to keep families together, particularily where there are small children or where the breadwinner cannot afford to maintain two separate living units, there are other cases where workers may find it feasible not to move their families to the locality of their war jobs. It is estimated that the volume of war workers migrating to centers of war activity will be kept down to about 1,600,000 during the fiscal year 1943.

These 1,600,000 war workers need housing. Existing structures are being counted upon to absorb a large portion of them, despite present over-crowding in many industrial areas. Private enterprise is being relied upon to serve a large proportion of the remaining need, and toward this end Federal legislation has recently been enacted. But beyond these methods, there remains the irreducible requirement for a volume of new public construction, largely temporary in nature and designed to serve the lower income brackets of war workers.

The main vehicle for such public housing construction has been the act of Oct. 14, 1940, as amended, known as the Lanham Act. The funds under this act, and under other acts to provide war housing, are practically all committed. They are being relied upon to meet needs arising before the end of the current fiscal year, and also to meet a part of the need for the fiscal year 1943.

To meet the minimum needs of the 1,600,000 war workers migrating to war centers during the fiscal year 1943, I am suggesting to the Congress the enactment of legislation providing an increase of $600,000,000 in the authorization contained in the Lanham Act, as amended. A large portion of these funds will be returned to the government in the form of rents during the national emergency and through sales thereafter.

There is of necessity a period of several months between the authorization of funds for housing and the completion of living quarters. In view of the urgency of the need, which is a matter of common knowledge, I suggest that this proposed legislation receive the early consideration of the Congress.

FRANKLIN D. ROOSEVELT.

The White House, May 27, 1942.

Urges Voluntary Buying Of War Bonds To Avoid Compulsory Payroll Savings

Robert W. Sparks, National Field Director of the Treasury's War Savings Staff, predicted on May 26 that, if the war bond quotas for May, June and July are reached, it would sound the "death note" for compulsory payroll savings. Speaking on May 26 before the annual meeting held in New York, of the New York State Bankers' Association, Mr. Sparks said that "although we have several days to go before reaching the end of the month, current sales indicate that the first quota to be used in the War Savings Plan ($600,000,000 for the month of May) will be achieved, possibly with a small excess." He added that "if we also meet our $800,000,000 June quota and the $1,000,000,000 per month quota from July on, we will be showing a national rate of participation on a voluntary basis which would be far in excess of any amounts indicated by the advocates of a compulsory savings system." Mr. Sparks further said:

The nation is organized to make a success of the voluntary plan. The organization is there and the market is there. There are 50,539,934 income earners in the United States. Over 34,000,000 of them are regular wage earners, eligible to participate in the Treasury Department's Payroll Savings Plan; 7,000,000 are farmers and agricultural workers; 3,500,000 are in the professional group and the 6,000,000 others are self-employed. This is the market for War Bonds—and what a market!

The Payroll Savings Plan has attained a high degree of development, approximately 20,000,000 of the 34,000,000 regular workers are already exposed to the plan; more than 50% of those who have been exposed are participating. Before we are done, we must have every one of those 34,000,000 enrolled.

The average rate of participation per individual is a little better than 5% of salary at the present time. An intensive campaign has been launched by War Savings Staffs all over the country to bring this up to 10% for all regular wage earners.

The national quota beginning with July will be at an average of $12,000,000,000 a year. The monthly quotas are being broken down by States and counties, and we are now attempting to set up a reporting system so that States and counties will be able to match their sales against their quotas. To accomplish this we will have to lean even more heavily upon the banks of the nation and their highly efficient organizations such as this, New York State Bankers' Association.

The 10% quota is also being extended to all individuals who are not regular wage earners but who do have income. National income is now in excess of $120,000,000,000 a year. If we succeed in this 10% income goal, we will automatically succeed in our quota of $1,000,000,000 a month.

Mr. Sparks also said in the space of one short year, the War Savings Staff has built up a selling organization of more than 150,000 organized, trained, and registered salesmen stretched over the 48 States, Alaska and Hawaii. This tremendous organization is directed by a paid force of about 800. It has sold almost $6,000,000,000 of its product in the first year of business. In this great example of American business ingenuity has been proved the value of the voluntary democratic system at work.

He likewise noted that the cooperation of the New York State banks has been conspicuous from the beginning of the program, adding:

Mr. Donovan, President of your Association, sits on the Executive Committee of the New York War Savings Staff of which Bayard Pope, another banker, is Chairman. Henry Bruere, Guy Emerson, Andrew Mills, Allan Sproul, Robert Rouse, Lewis Pierson, Raymond Ball, John Madden, Douglas Drummond, and many other prominent New York State bankers are high on the honor roll of the War Savings Program for their many fine and altruistic contributions of thought, time, and effort on its behalf today.

RFC War Funds Voted; Drop Price Subsidies

Congressional action on the legislation increasing the borrowing authority of the Reconstruction Finance Corporation by an additional $5,000,000,000 was completed on May 27 when the Senate passed the measure and sent it to the White House. The House had approved the bill on May 14.

Senate adoption came after the Senate rejected on May 27 the amendments, which its Banking and Currency Committee had inserted, empowering the RFC and the Commodity Credit Corp. to make subsidy payments so that price ceilings may be maintained. The subsidy section authorized use of part of the RFC increases to buy and sell commodities, even at a loss, in order to support the price control program. In addition, the amendments would have authorized an increase of $500,000,000 in the CCC borrowing power to finance subsidies for agricultural imports.

Before the rejection of the amendments a motion to recommit the whole bill to the Senate Banking Committee had been made by Senator O'Mahoney in the Senate on May 27, but during debate on his motion, Mr. O'Mahoney yielded to the suggestion that the amendments be stricken from the bill, and the measure be passed as adopted by the House; the Senate acted accordingly.

During the Senate consideration of the bill on May 27 Senator Brown said:

The present status of the Reconstruction Finance Corporation is about as follows: It has a borrowing power of $9,130,000,000. It has borrowed and has obligations outstanding at the present time in the amount of $3,270,000,000. Therefore, it has on hand a loaning capacity of approximately $6,000,000,000, or, to be exact, $5,860,000,000. It has outstanding commitments of $11,000,000,000, which are largely in connection with the war program.

So Mr. Jones [Jesse Jones] feels that an additional $5,000,000,000 should be authorized in order to cover the RFC's necessary commitments. It is believed that such a sum will fairly well cover the needs which will occur if the pending bill becomes law — needs which, of course, will require the expenditure of only a very small portion of the $5,000,000,000. Of course, the fund is a revolving fund.

House passage of the bill was noted in these columns May 21, page 1952.

Banks Must Assume Greater Responsibilities, Make Greater Sacrifices Says NY Bank Supt.

William R. White, New York State Superintendent of Banks, addressing the 49th annual convention of the New York State Bankers Association in New York City on May 25, stated "whether the war continues for two or five years, it is certain that the banks will be required to assume even broader responsibilities and make greater sacrifices than they have to date." He added:

"The times therefore require that we do everything possible to maintain a strong position. This can be done in many ways, despite the fact that some sources of revenue are temporarily cut off. We can, for example, review dividend policies and be sure that earnings are not being distributed which are needed to eliminate doubtful assets or build up the surplus account."

"We can also," said Superintendent White, "give more serious attention to the problems of personnel." He went on to say:

"Young men who possess initiative and intelligence should be encouraged to study banking in its broader aspects to assume greater responsibility and above all to recognize the obligation of banking in a society where protection of the individual has become a major objective."

Referring to the issuance on April 6 last of Regulation V by the Board of Governors of the Federal Reserve System, the purpose of which he noted, "is to enable the Federal Government to share with banks the risk of loans advanced for war production." Mr. White continued:

"While under the regulation it is possible for the Government to be responsible for the entire principal of the loan, it is evident from the policy which is taking shape that the banks will be expected to assume some portion of the principal risk. In cases where this is true, the banks will continue to have the obligation of appraising those factors which determine the ability of the borrower to fulfill his contract. In general, there should be no wide difference of opinion between the Government officials who let the contracts and the bankers who furnish the financing. Both parties are interested primarily in one consideration—the capacity of the manufacturer to build war equipment in accordance with specifications. Where the banker has confidence in the technical and business skill of the manufacturer, he will be willing to assume a fair portion of the risk, but in other cases where this confidence is lacking, he will want the Government to underwrite all or substantially all of the exposure.

"The success of the program will depend upon the willingness of bankers to recognize the elements of safety as well as of risk which are present, and of Government agencies to realize that the banker, no matter how eager he may be to assist the war effort, is not free to place in jeopardy the funds in his control."

As to Regulation W, designed for the exercise of control over consumer credit, Superintendent White said in part:

"Mild in its original form, Regulation W by successive amendments has now become a potent force in contracting the total volume of consumer debt. It has been estimated that from Sept. 1, 1941 to April 1 of this year instalment credit was reduced by nearly a billion and a quarter dollars, or one-fifth of the total outstanding. While the regulation was in effect during this period, it was by no means responsible for the total contraction. Federal Reserve authorities estimate that as much as two-thirds of the decline was caused by the liquidation of automobile paper resulting from the restrictions on the production and sale of motor vehicles. Restricted production of certain household appliances has also been an important factor.

* * *

"Bankers who have been endeavoring to build up a profitable volume of instalment loans will be required to postpone the realization of their objective until after the war is over. However, in its larger aspects the program is deserving of the commendation and support of banking groups, for its purpose is to check inflation, to build up a backlog of purchasing power which will be needed when the war is over, and to divert current savings and critical materials to the war effort. In fact all types of lending institutions should strive to observe the spirit of Regulation W as well as the form. In advertising loan facilities, for example, the character and tone of the appeal should be formulated in the light of the objectives which Regulation W is intended to accomplish."

Mr. White also observed that "inherent in the program is the desire on the part of the Federal Government to encourage individuals to liquidate the debt which they already have." He added:

"Banks will be reluctant to experience a shrinkage in their prime loans, but perhaps any disadvantage of this nature can be offset by benefits realized from the collection or reduction of doubtful items. The balance of this year should furnish an opportune time for the elimination of sub-standard assets."

Urging the encouragement of all workers to join in some systematic plan for buying war bonds, Mr. White said that if this could be accomplished while instalment debt was in the process of liquidation, it should be possible to divert a constant and ever increasing flow of savings into war bonds. He further said:

"By aiding in the effort to direct savings to war purposes, bankers not only perform a patriotic service, but help to keep expanding bank deposits under control, for whatever part of the Federal deficit is not met by savings or out of current income will have to be absorbed by the commercial banks."

Shipyards Praised For Contribution To Nation

On the occasion of the first wartime observance of Maritime Day—May 22—President Roosevelt in a formal statement praised the nation's shipyards for their "vital contributions to the immediate war effort" and stated that, while Axis submarines have taken a heavy toll, that problem "is being solved."

Saying that "we still are confronted with a serious shortage of ships to carry the essentials of war," the President expressed confidence that the "near-miracle" of ship production, which was started a little over a year ago, will be performed, since the country's shipbuilding capacity has been increased more than 500%.

The day was marked by various celebrations throughout the country, the outstanding event being the launching of 27 merchant ships of the Victory Fleet at 19 shipyards on all coasts and the Great Lakes, ushering in a two-ships-a-day production rate. The various "ports" of the Propeller Club of the United States again took the lead in observing the day, with all five members of the Maritime Commission participating in Propeller Club functions. Rear Admiral Emory S. Land, Chairman of the Commission and War Shipping Administrator, was the guest of honor of the Propeller Club of Boston, while Rear Admiral Howard L. Vickery, Vice-Chairman of the Commission, was the principal speaker at the banquet held by the Propeller Club of New York. Thomas M. Woodward addressed the club in Chicago; Capt. Edward Macauley spoke in San Francisco, and John Carmody was the guest speaker of the New Orleans club.

The President's Maritime Day statement follows:

Maritime Day, 1942—This is its first wartime observance—a fitting occasion for all of us, and the people of the United Nations, to join in a salute to our Victory Fleet; to pay deserved tribute to the brave men who man the gallant ships of our merchant marine, and those other heroes without uniforms, the shipyards and factory workers.

The tenth annual observance of Maritime Day bears more than ordinary significance for all the people of the nation. At no time in our history have we been more dependent than we are now upon the productivity of our shipyards and the efficient operation of our cargo vessels. We are engaged in what is largely a war of ocean transportation. We must carry to the corners of the earth the men and materials of war, for our armed forces and for those of our Allies.

A little more than a year ago we embarked upon the greatest ship-building program in history. No other nation ever had attempted so vast a maritime enterprise. There were those who doubted our ability to succeed. Today I can assure you that we will perform this near-miracle of ship production. The nation's shipbuilding capacity has been increased more than 500%. That of itself is an outstanding achievement.

We have been, we still are, confronted with a serious shortage of ships to carry the essentials of war. Submarines and the Axis aggressors have taken a heavy toll, but that problem, like the others confronting us, is being solved. Our ships are going through, and we will continue to go through in growing numbers.

The American people have reason to be proud of the heroism and patriotism of the officers and seamen of their Victory Fleet. During these dangerous days and nights on the sea lanes of the world, with danger lurking above, below and on the surface, they do not falter in the performance of their duty. Hundreds of them render service far beyond the call of duty. It is gratifying that the Congress has recognized such heroism and authorized the bestowal of proper awards to these men of the sea, who are just as vital to our ultimate victory as the men in the armed forces.

The nation's maritime industry is writing a wartime preface to the most glorious chapter in our history. It is making a vital contribution to the immediate war effort, and clearing the way for America's full restoration to the position in world trade befitting so great a nation.

Aide To Sec. Morgenthau

Theodore Roosevelt Gamble, of Portland, Ore., has been appointed an assistant to the Secretary of the Treasury on a $1-a-year basis, Secretary Morgenthau announces. Mr. Gamble was appointed a consultant in the Secretary's office on Jan. 1 after serving for six months as War Savings State Administrator in Oregon. In Washington he has been serving directly with the War Savings Staff, the Treasury unit in charge of the sale and promotion of War Savings Bonds and Stamps.

Living Costs In Large Cities Rose 0.7% From Mid-March To Mid-April

The cost of living in large American cities rose 0.7% between mid-March and mid-April, Secretary of Labor Perkins reports. This advance brought the Bureau of Labor Statistics' cost of living index to a point of 115.1% of the average 1935-39 level.

On May 18 when price control regulations went into effect, the prices of those goods under the "freeze" order will return to the highest level each one reached in March, 1942. About 60% of the foods and about 75% of all other goods and services purchased by moderate-income families will come under this control.

Clothing costs showed by far the steepest rise this month. They have risen more, in the past 15 months, than any other group of items in the budget of the moderate-income family, reaching a point, in April, 1942, more than 26% above the level of January, 1941.

By mid-April, families of wage earners and lower-salaried workers would have to spend $1.17 to buy the same things for which they spent $1 before the outbreak of the war in August, 1939.

The Secretary's announcement further stated:

Food—The family food bill rose 0.8% between mid-March and mid-April, as retail prices of many foods continued to advance. Increases were larger than normal at this season for fresh pork, fresh fruit and onions, and substantial increases were also reported for beef, potatoes and coffee. Fresh milk and certain vegetables such as green beans and carrots were seasonally lower. Exceptionally large supplies of oranges and lettuce resulted in price declines unusual at this season of the year. Fresh fish prices declined for the first time in 11 months, as large supplies reached the market, while canned salmon reached a new high level.

By the end of April, preliminary reports indicated further advances for beef, pork, canned salmon, butter, canned tomatoes and lard.

Clothing—The large rise in clothing costs between mid-March and mid-April followed steady increases in these costs over the entire past year. Since Pearl Harbor, clothing costs have advanced more than 10%. This month, there were sharp increases in prices for shoes, men's cotton work clothing and woolen outerclothing, and women's underwear, housedresses and hose.

Housefurnishings—The cost of housefurnishings this month showed a slight rise over the preceding month. Prices of sheets and mattresses, however, continued the relatively rapid climb of past months.

Rent—Rent increases have been moderate this month. The largest rise reported, 1.2%, was in Buffalo, where activity in the war industries has been increasing.

Fuel, Electricity and Ice—Coal prices declined in many cities. In the cities on the Northeastern seaboard, fuel oil prices increased.

Miscellaneous Goods and Services—Increases in charges for laundry services and in prices of laundry soap were general. In Chicago, where costs of miscellaneous goods and services advanced more than in any other city (1.1%), street car fares were raised between March 15 and April 15.

Savs.-Loan Literature

S. R. Gaynes & Co., 225 Broadway, New York City, brokers specializing in the sale of Federal Savings and Loan insured Certificates, represent over four hundred associations throughout the nation and carry in their files literature and latest financial statements, which will be sent free upon request. Trust officers are invited to avail themselves of this service.

House Passes Bill To Aid Small Business

The House on May 26, by a 346 to 0 vote, approved the bill setting up a Smaller War Plants Corporation within the War Production Board, designed to expedite the granting of war contracts to small business. The measure was returned to the Senate for action on two major House changes which later, however, will likely have to be adjusted in conference. The main House changes from the Senate-approved bill were the inclusion of a clause making it virtually mandatory for government war agencies to award contracts to small enterprises certified by the WPB as capable of handling them, and doubling the Senate-approved $100,000,000 working capital for the corporation. The mandatory clause referred to (adopted by the House on May 25, by a vote of 72 to 25) was inserted at the instance of Representative Patman, Chairman of the Special Small Business Committee of the House, who, according to the Associated Press, contended that the amendment was necessary to "put teeth in the bill." Opposed to its insertion, however, it is stated, was Representative Jesse P. Wolcott, Republican, of Michigan, who maintained it might interfere with contract activities on the Army, Navy and Maritime Commission.

Under the proposed legislation the Smaller War Plants Corp. would make loans to convert small plants to production of essential war and civilian goods and could accept contracts as the prime bidder on government work and parcel them out under sub-contracts to small businesses.

The Senate version of the measure was adopted on April 1, as was reported in these columns April 9, page 1448.

June Food Stamp List

Fresh oranges and grapefruit, all fresh vegetables (except Irish potatoes), and seven other foods will be available during June to families taking part in the Food Stamp program, the U. S. Department of Agriculture said on May 28. The Department further said:

Participants in the program can buy designated foods with blue food stamps at local stores in all areas where the program is operating. In itemizing foods available for blue stamps during June, the Department said that fresh apples and fresh pears had been removed from the list because of a seasonal short supply, and that Irish potatoes had been removed because an increasingly favorable price no longer warranted additional market support for the crop.

With those changes, the complete list of foods available during June includes shell eggs, butter, fresh oranges and grapefruit, fresh vegetables (except Irish potatoes), corn meal, dried prunes, hominy (corn) grits, dry edible beans, wheat flour, enriched wheat flour, self-rising flour, enriched self-rising flour, and whole wheat (Graham) flour.

Operating through established food distribution channels, the Food Stamp program is conducted by the Agricultural Marketing Administration.

Morgenthau Charges Attempt To Escape War Time Taxation By Some Corporations

At what is described as "an unusual night session," Secretary of the Treasury Morgenthau appeared before the Joint Committee on Internal Revenue Taxation of the Senate and House on May 28 to tell the Committee "of some instances of what seem to me to be particularly unpardonable attempts to escape wartime taxation," and to report "what the Treasury is doing and intends to do to stop these practices." Mr. Morgenthau asserted that "in every instance the method used by the taxpayer was to inflate expenses with the evident purpose of avoiding normal and excess profits taxes on corporation earnings." "The devices used," he said, "included the payment of excessive salaries, the distribution of unearned bonuses and the payment of unreasonable sums for purported services to persons closely connected with the management of the companies involved." He went on to say that "these practices, if successful" would reduce the revenue of the Government, the revenue we need so urgently for fighting and winning the war." The Secretary cited seven cases illustrating the practices entered into to avoid payment of taxes on 1941 returns of corporations holding war contracts. Withholding the names of corporations and individuals involved, he said that the particular cases noted were disclosed as a result of speeding up the Treasury's investigation of 1941 returns of corporations holding war contracts. Briefly Secretary Morgenthau enumerated the cases as follows:

Company A makes an important airplane part. This corporation is owned by one man who hired himself as its sales representative. His compensation in 1941 was $1,656,000. By consolidating these earnings with those of the corporation, we have blocked this obvious attempt to divert profits and we have increased the corporation's income tax by $1,117,000.

Company B makes steel. All stock in this corporation is held by three families. Excessive salaries were paid to officers who were also stockholders. The Revenue Agent has recommended disallowance of $82,000 in salaries, and the company has already agreed to a disallowance of $58,000.

Company C makes vital equipment for airplane pilots. This corporation paid $31,104 in rent in one year to the wife of the president for using property which had cost her $45,412. A brother of the principal stockholder, without special training or ability, drew a salary of $15,000 a year and a son and daughter, just out of school, got $7,500 a year each.

Company D makes tools and dies. This company is owned by two brothers and their wives. It paid dividends of $40,000 in 1940 and $100,000 in 1941, while salaries totaling $128,000 were paid in 1941 to the president, his wife and his brother.

Company E makes forgings. The stock is owned by three families. From 1938 to 1941 the salaries of employees who were stockholders and relatives of stockholders increased 523%. Excessive salaries for 1941 have been disallowed to the amount of $568,000.

Company F makes equipment for airplanes. Three principal officers of this corporation took salaries of $100,000 each and the corporation claimed it had set aside over $575,000 in bonuses. Salary and bonus payments totaling $516,000 were found to be excessive. Other disallowed deductions included $16,000 paid for watches given to employees, $14,000 for banquets and picnics, $4,000 for photographs taken at banquets and picnics, and $1,900 for tickets to football games. Other important deficiencies were found in the tax return.

Company G makes a device important to aviation. This corporation is owned almost entirely by one man, his wife and his brother. The two men increased their salaries from $12,000 and $15,000 in 1939 to $72,000 and $90,000 in 1941. The royalty rate on the patent jointly held by them was increased, with the result that with expanded sales for war purposes, the royalties paid to them increased from $87,000 in 1939 to $1,179,000 in 1941.

As to the question of deciding whether the names of those concerned should be divulged, Mr. Morgenthau stated that he would leave such decisions to the Committee; "personally," he said, "I am inclined to believe it would have a very wholesome effect."

The steps the Treasury is taking to detect and deal with these evils, Mr. Morgenthau said, are (1) expediting examination of tax returns and corporation records to determine whether excessive expenses are being claimed and (2) disallowing excessive expenditures which have the effect of reducing corporate tax liabilities. He added that the Treasury is compelling corporations to include such amounts in earnings and at the same time calling upon the recipient to pay full personal income taxes on the amounts received.

Disallowance of excessive expenditures does not represent a new procedure, the Secretary continued, since the law and regulations permit the deduction only of ordinary and necessary business expenses for the purpose of determining profits.

He did not ask the Committee for any additional authority to deal with the "evil" but said that if existing powers are not adequate he would not hesitate to make the request.

Mr. Morgenthau outlined the following six general considerations which will guide the Treasury in examining expenses claimed in tax returns:

1. Salaries and Bonuses Paid to Officers and Employees.

Deductions claimed for greatly increased salaries and extraordinary bonuses paid to officers or employees will be disallowed unless the taxpayer proves that the payments are, in fact, for services actually rendered and are reasonable.

In determining whether the payments are reasonable, it will be assumed that reasonable compensation is only as much as would ordinarily be paid for like services by like enterprises under like circumstances. The factors that will be considered in determining the reasonableness of such payments are the duties performed by the recipient, the character and amount of responsibility, the time devoted to the enterprise, and the peculiar ability or special talent of the particular officer or employee. Where the payments are to relatives or to shareholders, the taxpayer must show that family considerations have not influenced the amount paid and that the payments are not distributions of profits in disguise. Large profits attributable to causes entirely unrelated to the activities of the officers or employees, which are not unusual in these abnormal times, do not of themselves justify or warrant large salary payments.

2. Rents, Royalties and Other Payments to Shareholders.

Deductibility of rents, royalties or other payments to shareholders depends upon whether such charges are in fact fair and reasonable payments for the use of property and are not merely a device for distribution of profits. Any shareholder should be entitled only to a fair return on his investment in the property which he permits the corporation to use.

3. Payments to Profit Sharing or Pension Trusts.

The deductibility of payments to pension trusts is governed by Section 23(p) of the Internal Revenue Code. If payments to such trusts are reasonable, their deduction will be allowed. If the payments are unreasonable in amount, or if the trust is not created for the exclusive benefit of employees, or if it is a device to distribute profits to shareholders, the deductions will be disallowed. It is also our purpose to set up a barrier to deductions of large salaries, bonuses, or insurance premiums for officers under the guise of payments to a pension trust.

4. Payments for Repairs.

The deductibility for income tax purposes of costs of repairs depends upon whether the expenditure is actually for repairs, or is in fact a capital expenditure which should be added to capital investment or charged against reserves for depreciation, since the costs of repairs are deductible while the capital expenditures are not. We must guard against the tendency during high profit years to make extensive improvements and to charge the cost of such improvements against profits under the caption of repairs.

It will be our policy to scrutinize carefully the items claimed as deductions for expenditures for repairs. We shall disallow such deductions where it is not shown that the expenditures are in fact for repairs instead of for improvements or betterments which should be capitalized.

5. Expenses or Allowances Paid to Obtain Government Business, Including Fees Paid to Washington Representatives or for Other Professional Services.

Whether deductions for items of this class will be allowed depends upon whether they meet the test laid down in the Internal Revenue Code, that is, whether they are necessary and ordinary and reasonable. If such items are considered exorbitant or unreasonable, they will be disallowed as deductions. Many of the factors that apply in determining the deductibility of salaries and bonuses will apply also in determining the deductibility of items of this class. Particular attention will be given to deductions for payments which are against public policy, and all such deductions will be disallowed.

6. Amounts Paid for Advertising.

The test of whether expenditures for advertising are deductible is whether they are ordinary and necessary and bear a reasonable relation to the business activities in which the enterprise is engaged. This is not intended to exclude institutional advertising in reasonable amounts or good will advertising calculated to influence the buying habits of the public. If such expenditures are extravagant and out of proportion to the size of the company or to the amount of its advertising budget in the past, or if they are not directed to public patronage which might reasonably be expected in the future, such payments will be disallowed as deductions.

Ask Treasury Outline For Deficit Financing

The statement that "it is greatly to be desired that the Treasury outline in general terms some pattern of financing for that part of the deficit to be financed by the banks," was made on May 26 by Adrian M. Massie, Vice-President of the New York Trust Co., in addressing the annual meeting at the Hotel Astor in New York of the New York State Bankers' Association. "This pattern," said Mr. Massie, "should be such that it will have the wholehearted support of the 15,000 commercial banks of the country and at the same time permit the Treasury to have complete flexibility of action." Mr. Massie went on to say in part:

Many plans have been proposed but one which seems to have much appeal and which provides the essentials of the policy now followed by many banks is that offered by D. K. Pfeffer, Vice-President of the National City Bank. His plan is to have the Treasury Department issue a series of one to 10 years serial maturities with each subscribing bank taking a tenth of its allotment in each of 10 maturities of a marketable issue, any part of any maturity being salable independently. The serial spreading of maturities makes it possible for banks and other buyers to set up a progressive schedule of spaced maturities.

Mr. Pfeffer's plan calls for the use of one to 10-year serial maturities for all the Government financing that the banks would be expected to take including both new money financing and refunding. Since many banks do not follow the same investment theories, greater flexibility might be obtained by slight modifications of this plan. Some banks follow a policy of buying only one to five-year maturities. Others are interested in the one to 10-year issues and still others buy beyond the 10-year limit.

In summarizing his remarks, Mr. Massie said:

1. America is fighting a war for its existence and the continuance of Western civilization.

2. This war is extremely costly and must be paid for partly by very high taxation and partly by borrowing.

3. As much as possible of the borrowing should be provided by the public in order to reduce the risk of inflation.

4. The commercial banks will be called upon to use their facilities and their resources to finance that part of the borrowing which cannot be absorbed by the public and the non-banking corporations. It is not a question of whether or not the banks want to participate. It is just as important that they do their part as it is for General Motors to discontinue the manufacture of automobiles and in their place produce war machines. Each bank must do its share.

5. It is hoped that the Treasury will adopt a general pattern for the financing that will permit the banks to set up maturity schedules which will fit into a sound policy—say one to 10 years.

6. This financing will increase greatly the earning assets of the banks. To enable the banks to handle this increase, the Federal Reserve Board will probably have to make available a liberal amount of excess reserves by reducing bank reserve requirements and by open market purchases. Gross earnings of banks will be increased but higher operating expenses and a 94% excess profits tax will tend to limit bank earnings to 7 or 8% of capital funds. Dividends should be held at conservative amounts in order to build up capital.

7. There is no question but that this financing can be handled by the commercial banks. To accomplish it bankers will need understanding, courage and, above all, the will to do the job.

Call Conference Of Inter-American Banks

The Inter-American Financial and Economic Advisory Committee, under the Chairmanship of Sumner Welles, met in plenary session at the Pan American Union in Washington on May 22 and set June 30 as the opening date for a conference of representatives of the central banks, or equivalent institutions, of the American Republics. In making this known, the Union's announcement further stated:

The conference evolves from Resolution VI adopted at the third meeting of the Ministers of Foreign Affairs which met at Rio de Janeiro last January. Part of general hemispheric unity measures, the resolution provides for a conclave to meet "for the purpose of drafting standards of procedure for the uniform handling of bank credits, collections, contracts of lease and consignments of merchandise, involving real or juridical persons who are nationals of a State which has committed an act of aggression against the American Continent."

To be considered also are measures to safeguard the wartime economy of the American nations.

It is expected that representatives from all the American Republics will be in attendance at the conference. It will be in session at the Pan American Union for a period of approximately 10 days.

N. Y. State Bankers Elect Myers President

At the annual meeting of the New York State Bankers Association, held in New York City on May 25, John P. Myers, President of the Plattsburg National Bank and Trust Co. of Plattsburg, N. Y. was elected President of the organization succeeding Eugene C. Donovan, President of the Auburn Trust Co., Auburn. Mr. Myers had been Vice-President of the Association. E. Chester Gersten, President of Public National Bank and Trust Co., New York City, was elected Vice-President, and Theodore Rokahr, Vice-President and Treasurer of First Bank and Trust Co., of Utica, was named Treasurer.

Mr. Myers announced on June 1, the appointment of the chairmen of the following seven standing committees of the Association:

Agriculture: Nicholas Jamba, Manager, Agricultural Department, National Bank & Trust Co., Norwich.

Bank Management and Research: Robert C. Tait, Vice-President, Genessee Valley Trust Co., Rochester.

County Organization: Stanley A. Neilson, President, Bank of Gowanda.

Convention: Robert E. Wilson, Vice-President, Osborne Trust Co., East Hampton.

Legislation: Frederic E. Worden, President, National Bank of Auburn, Auburn.

Public Relations: Edward M. Carney, Public Relations Counsel, Mount Vernon Trust Co., Mount Vernon.

Trust Functions: John A. Burns, Vice-President, Chase National Bank, New York City.

Technologists Blamed For Rubber Shortage

America's acute shortage of rubber must be laid to rubber technologists who have failed to develop practical methods of separating this vital material from plants growing plentifully in our own country, Dr. Thomas Midgley, Jr., Vice-President of the Ethyl Gasoline Corp., declared at a meeting of the Chicago Section of the American Chemical Society, on May 22, when he received the Willard Gibbs Medal, one of the highest honors in American science.

More rubber can probably be grown within the United States than could possibly be consumed, but rubber production is confined to the tropics because of the ease with which it can be obtained from the hevea tree by cheap labor, said Dr. Midgley, who was cited for his discovery of tetraethyl lead as an anti-knock agent in motor fuels, for his devolpment of safe refrigerants, for his contribution to synthetic rubber research, and for other scientific achievements.

Referring to what he termed the "mental slothfulness" of rubber technologists, Dr. Midgley posed seven questions dealing with fundamental aspects of rubber, which he said cannot now be answered although scientists and technologists have been studying rubber for more than a hundred years. Dr. Midgley, who is Chairman of the Board of Directors of the Society, warned against the delusion that American ingenuity or a miracle will save the nation from the "sad day of reckoning" by suddenly supplying a huge volume of rubber or a satisfactory substitute from nowhere.

Winning War Because We Must: Patterson

With respect to the question, which he said, "is in everybody's mind," viz.: "Are We Winning the War?" Robert D. Patterson, Under-Secretary of War, answered, with the assertion on May 20, "yes, we are winning the war, because we must." "There is," he said, "no other choice. To lose it would be to lose much more than a war. It would be to lose every war that has been fought on the battlefield, in the laboratory, in the courts—yes, and in the churches and the schools, and at the stake—by all the soldiers, scientists and priests, by the champions of justice and the martyrs—by all those who have fought and died for two thousand years to make this world a decent place to live in, and worthy of men created in the image of God. To lose this war," he went on to say, "would be to lose Magna Carta, the Napoleonic Code, and our own Constitution. The Declaration of our Independence would be a memory among those who survived the Gestapo, and it would not even be known by their children. Yes, we are winning the war because we must."

Mr. Patterson, whose remarks were addressed to those in attendance at the annual meeting of the National Industrial Conference Board on "National Mobilization for Victory" in New York City, had the following to say in his warnings:

> I must warn you that there will be hit-and-run raids against our war plants. But there will be greater and more serious raids against the strength of the Nation itself. Be on guard against the Axis peace offensive, which is already under way— and against the sabotage and defeatism which will be set in motion, the one quickly in an attempt to strike a paralyzing blow to the heart, the other slowly and insidiously, in an attempt to deaden the mind and the will. These offensives must fail. They must never get started.
>
> They cannot start if we fight this war upon all three fronts with the same determination to win. The three fronts of which I speak are the production front, the transportation front, and the fighting front.

Observing that "we are winning the production war," Mr. Patterson said:

> But we must win the transportation war and the military war. The Nazi submarine offensive along our Atlantic seaboard is a battle against our transportation. The great battle of the Coral Sea was a transportation battle. There will be many others before the war on the transportation front is won. Here is where the strength of democracy will be decisive. Our forces can be concentrated against the enemy. They will not have to be scattered all over the world to hold in check millions of people waiting for the day to rise and take up arms. When they do arise, they will take up arms and fight with us. Let us work to make that day come soon. We must organize for victory on all three fronts. Let that be our total war.

In conclusion, he stated:

> A year ago we feared a defensive war, here, on our shores. Now our enemies fear an offensive war, by us, against them. That is a great shift in the balance of power to occur in a year. The autocracies begin strong, but it is the democracies that finish strong. And we are going to finish this war.

Sees Renewed Hope For Jewish Home In Palestine

President Roosevelt, in a message of greeting read at the second annual dinner of the American Palestine Committee in Washington on May 25 reaffirmed his interest in the efforts of those seeking to establish a Jewish national home in Palestine and expressed "renewed encouragement in the fact that the immediate military danger to Palestine, which existed sometime ago, has been very definitely removed."

The President's letter addressed to Senator Wagner (Dem., N. Y.), Chairman of the committee, follows:

> Dear Bob:
>
> Will you please convey my greeings to all of those assembled at the second annual dinner of the American Palestine Committee, being held in Washington.
>
> As you know, I have on several occasions expressed my interest in the efforts of those seeking to establish a Jewish national home in Palestine. I think that we all take renewed encouragement in the fact that the immediate military danger to Palestine, which existed some time ago, has been very definitely removed.
>
> The great physical, economic and educational development which has taken place in Palestine in the last two decades has been a perfect example of what can be accomplished by a free people working in a democracy. We are all looking forward to the day when that type of development may be continued in peace and harmony in the general march of mankind toward the accomplishment of the four freedoms everywhere in the world.
>
> I know that all of you assembled at this anniversary dinner will always have clearly in mind the duty and responsibility resting upon all of us to work and fight toward attaining this great objective in the days to come.
>
> Very sincerely yours,
>
> FRANKLIN D. ROOSEVELT.

Form Railway Panel To Settle Labor Disputes

On May 21 President Roosevelt signed an Executive Order which modifies in one respect the procedure heretofore used in the adjustment of railway labor disputes. The Order provides for the creation of a National Railway Labor Panel of nine members from which emergency fact-finding boards will be chosen to adjust disputes between railways and their employees before disputes have reached the stage of a vote to strike. A White House statement respecting the Executive Order and its purpose said:

> Hitherto before the President has appointed an emergency fact-finding board as a result of a railway labor dispute, it has been necessary for the employees involved to take a formal vote declaring a strike and fixing a date therefor. In view of the fact that American labor generally has agreed that during the war there shall be no strikes it has become necessary to adopt a procedure which would obviate the necessity for such a strike vote. Accordingly the Executive Order provides that if a dispute is not settled by mediation or arbitration under the provisions of the Railway Labor Act, instead of taking a strike vote the employees may request the creation of an emergency fact-finding board.
>
> For this purpose the Order provides for the creation of a National Railway Labor Panel consisting of a Chairman and eight members to be appointed by the President. The Chairman shall have the power to designate three members of the panel to sit as such an emergency fact-finding board whenever in his judgment the dispute, if unadjusted, may interfere with the prosecution of the war even in the absence of a strike vote.
>
> In this way the usual normal processes of adjustment of railway labor disputes may be continued without requiring the employees actually to go out on strike or to take a strike vote.
>
> This Executive Order does not seek to amend the Railway Labor Act which has worked so well for many years. It merely sets up for the duration of the war an extra-statutory panel which will provide a means of adjusting disputes without actual strikes.

President Voices Faith In Newspapers Loyalty

President Roosevelt, in a telegram on May 19 to the Inland Press Association Convention in Chicago, said that "the men and women of a nation at war have the right to expect of their newspaper the same loyalty with which they send their men to join our fighting forces." The President's message follows:

> "Every editor and publisher must answer the question: 'What do my readers have the right to expect of their newspaper?'
>
> "The men and women of a nation at war have the right to expect of their newspapers the same loyalty with which they send their men to join our fighting forces. The same energy with which they raise food and make arms for America and the other United Nations. The same courage with which they face an enemy who would destroy the world. The same vision with which they forsee the world of freedom for which we are fighting.
>
> "Your answer — to yourself and to them—can be only one answer. I know you will make it."

ABA Sends Members Revised Regulation W

A condensed version of Regulation "W" as revised to May 6, 1942, containing the changes that have been made in the regulation in recent months that are of importance to banks engaged in the consumer credit lending field, is being sent by the American Bankers Association to its membership, it is announced by Walter B. French, ABA Deputy Manager. The Association's condensed version of the regulation deals with new rulings established by the Board of Governors of the Federal Reserve System covering instalment sales, instalment loans, renewals, extensions and single payment loans, as well as down payments and time limits for instalments. The Association in its announcement May 29 also has the following to say:

> It is brought out in the summary that down payments on all articles listed by the Reserve Board are now 33⅓%, with the exception of furniture and pianos, on which the down payment is 20%. As in the past, no down payments are required on consumer credit loans for the purchase of unlisted articles and services, or for home modernization.
>
> Maximum maturity on all loans is now 12 months, except for automobile and motorcycle loans, which have a time limit of 15 months. Minimum payments on all loans may be not less than $5 per month, or $1.25 per week. Loans may be renewed, the Association's summary of the revised regulation says, provided that such renewals do not extend the time limit of the loan beyond the maximum period allowed. For example, an automobile loan made originally for 12 months may be extended to 15 months, the maximum for this type of loan.
>
> "Although consumer credit in commercial banks has been, of necessity, seriously curtailed by the present economy," the Association's condensation of the regulation asserts, "we believe it is essential to our private chartered banking system to maintain the dominant position of the banks in this important field of service to the general public."

Douglas Named Deputy Shipping Administrator

The appointment of Lewis W. Douglas, former Director of the Budget, as Deputy Administrator of the War Shipping Administration, was announced on May 20 by Rear Admiral Emory S. Land, War Shipping Administrator.

Simultaneously, Rear Admiral Howard L. Vickery, Vice Chairman of the Maritime Commission, was appointed Deputy Administrator of the WSA for new ships.

Mr. Douglas since last February has served as chief adviser to Admiral Land. He is on leave from his post as President of the Mutual Life Insurance Co. of New York. In announcing the appointment of Mr. Douglas to his new post in the WSA, Admiral Land said:

> "Mr. Douglas has been working as my chief adviser, particularly in so far as it concerns the cooperation of the ministry of war transport and our shipping administration. He has, however, had no administrative responsibilities and with this appointment Mr. Douglas will join with me in not only planning but directing the use of our merchant marine. Mr. Douglas's administrative capacity is well known and I am convinced that his agreement to become Deputy Administrator will assure a vigorous and all-out effort to use our ships for the one and only purpose of winning the war."

Advancing Wages Held Inflation Stimulant

(Continued from First Page)

to tap at all. Thus it is diverted from investment and non-inflationary channels into the hands of consumers where it has the greatest inflationary effect.

We all know that wages and salaries comprise fully two-thirds of the costs of production. It is obvious that price ceilings cannot be held indefinitely unless these underlying pressures, pressing against the ceilings, are rigidly restrained.

It particularly behooves business leaders at this time to impose upon themselves the same restraints they recognize as necessary upon others. I can imagine no more mistaken policy than that expressed in resolutions adopted by one of the largest organizations of business at a convention in Chicago recently, when men who dominated these councils proposed that no restraint or limit be placed upon their own profits, bonuses, commissions, and other compensations because to do so might dampen their ardor for winning the war by impairing their incentive. Yet, at the same time, they did not hesitate to proclaim the necessity for abandonment of the 40-hour week. They did not hesitate to condemn increases in wages. That sort of leadership is incredibly blind. It scarcely makes for successful voluntary cooperation. It is not calculated to make for equality of sacrifice, if you call it a sacrifce to fight for the preservation of your country.

* * *

We are now at the stage in our war effort at which, on the whole, wages and prices have reached a level that will call forth the maximum of effort and production. In other words, I do not believe it can be successfully shown at this stage that increases in prices, salaries and wages are necessary to stimulate incentive and call forth further production. The time has been reached, therefore, when effective mechanisms are necessary to prevent prices from passing into a dangerous inflationary spiral. Price and wage controls alone are not enough. Taxes, debt reduction and savings must play their part in combatting the upward spiraling of prices.

* * *

We must not only willingly accept heavier taxation than we have ever before known—taxation comparable to that which the other democracies have imposed—but we must realize that even after the payment of the taxes now contemplated in pending legislation, the rising tide of national income will still engulf consumer markets and send prices skyrocketing unless we refrain from buying things we do not absolutely need—unless we unitedly channel the excess of buying power into War Savings Bonds.

* * *

The inflation problem, which is immediately before us, is after all a matter primarily of holding the civilian spending stream in proper balance with the diminishing supply of civilian goods during the war period. It calls for definite united efforts and specific controls, properly timed. But all of these actions are meaningless if we do not keep before us the larger vision of why we are doing these things, what it is we are defending, protecting, preserving, for the future—a vision of the greater hope and promise that the future holds for mankind when we have emerged successfully from the black night of universal war.

Supreme Court Issues Ruling On Stock Tax

Regarding several decisions handed down on May 25 by the United States Supreme Court involving taxation matters, the following appeared in the "Wall Street Journal" in its advices from its Washington bureau:

The Supreme Court yesterday upheld the contention of stockholders in the Maytag Co. that the effect of the sale of their stock on its market price should be considered in valuing it for estate and gift tax purposes.

Certain stockholders, having received large blocks of the stock by gift and inheritance, valued it at $2.50 per share, while the Government contended that it should be valued at its price on the New York Stock Exchange which ranged during the period in question from $4.56 to $4.75. Since the stock involved represented almost a third of that outstanding, the lower Court held that the effect on the market price of selling it should be considered in valuing it for tax purposes, and the Supreme Court refused to review this decision.

* * *

Refuses Tax Case Review

The Court refused to review a tax case in which the Government refused to recognize that the stock of a corporation had become worthless even though the corporation's liabilities exceeded its assets and it was sustaining annual net losses. The Government contended, and the lower Courts agreed, that the corporation remained a going concern even though control of its properties had virtually passed to its creditors.

* * *

Taxes On Real Estate

If the purchaser of land pays real estate taxes on that land which had fallen due before the purchase, he may not deduct such taxes from his income for Federal income tax purposes, the Supreme Court ruled.

The Court held that in such instances the tax is one which has been imposed on the vendor, not on the purchaser. If the purchaser agrees to pay the taxes, he has assumed a contractual, not a tax, burden. The taxes which he paid become a part of the purchase price of the land, the Court held.

Wool Assoc. Nominees

Frank J. Knell has been nominated for a third term as President of the Wool Associates of the New York Cotton Exchange, Inc. Bernard J. Conlin and Stanley H. Lawton have been nominated for First Vice President and Second Vice President, respectively, and William J. Jung has been nominated for Treasurer. One new member for the Board of Governors has been nominated, Tinney C. Figgatt. The Exchange on May 21 also stated:

Ten present members of the board have been renominated, these being E. Malcolm Deacon, Joseph P. Draper, Lawrence P. Hills, Marland C. Hobbs, H. Clyde Moore, Robert J. Murray, Max W. Stoehr, Joseph R. Walker, Philip B. Weld, and Arthur O. Wellman.

James B. Irwin, James C. Royce, and John Tolar, 3rd, have been nominated for inspectors of election.

The annual election of the Exchange is to be held on June 1, and the new officers will assume office on June 3.

The nominating committee consisted of Clayton B. Jones, Chairman, Arthur J. Pertsch, Charles B. Vose, John E. Smith, and Eugene Bascho.

Conference Bd. Elects Fred Kent Chairman

Fred I. Kent, President of the Council of New York University, was elected on May 20 as Chairman of the National Industrial Conference Board for 1942-1943 by the Governing Body of the Conference Board. The election of the new Chairman and other officers was held in connection with the 26th annual meeting of the Board at the Waldorf-Astoria, New York City. Mr. Kent succeeds F. W. Lovejoy, Chairman of the Board of Eastman Kodak Co. Vice-Chairmen of the Conference Board, elected for one year, were:

Neal Dow Becker, President, Intertype Corp.; W. Gibson Carey, Jr., President, The Yale & Towne Manufacturing Co.; Col. J. F. Drake, President, Gulf Oil Corp.; John Wyckoff Mettler, President, Interwoven Stocking Co., and Langbourne M. Williams, Jr., President, Freeport Sulphur Co.

Dr. Virgil Jordan was reappointed President and Chief Executive Officer of the Board. James L. Madden, Third Vice-President, Metropolitan Life Insurance Co., was elected Treasurer.

The following were elected members of the Executive Committee to serve with the officers for one year:

Clifford S. Anderson, General Counsel, Norton Co.; William W. Bodine, President, The United Gas Improvement Co.; Willis H. Booth, Director, Commercial Solvents Corp.; David A. Crawford, President, Pullman, Inc.; C. W. Kellogg, President, Edison Electric Institute; Edward F. McGrady, Vice-President, Radio Corporation of America; E. V. O'Daniel, Vice-President, American Cyanamid Co.; Harry E. Ward, Chairman, Irving Trust Co.; Roy B. White, President, The Baltimore and Ohio R. R. Co.; and S. Clay Williams, President, R. J. Reynolds Tobacco Co.

The following will continue to serve on the Executive Committee, as members ex-officio, for the ensuing year:

Louis S. Cates, President, Phelps Dodge Corp.; Arthur M. Collens, President, Phoenix Mutual Life Insurance Co.; F. C. Crawford, President, Thompson Products, Inc.; C. Donald Dallas, President, Revere Copper & Brass, Inc.; J. F. Deasy, Vice-President, The Pennsylvania R. R. Co.; Lewis W. Douglas, President, The Mutual Life Insurance Co. of New York; David M. Goodrich, Chairman, The B. F. Goodrich; R. J. Hamilton, Secretary-Treasurer, American Radiator & Standard Sanitary Corp.; John Henry Hammond, of Hines, Rearick, Dorr & Hammond; Edgar M. Queeny, President, Monsanto Chemical Co.; Robert C. Stanley, Chairman and President, International Nickel Company of Canada, Ltd.; Frank W. Lovejoy, Chairman, Eastman Kodak Co.; and Irenee du Pont, E. I. du Pont de Nemours & Co.

Retail Stores To Aid In Selling War Bonds

The nation's retail stores will suspend the sale of their regular merchandise for a 15-minute period on July 1 and sell only war bonds and stamps, it was announced on May 25 by Benjamin H. Namm of Brooklyn, Chairman of the Retailers Advisory Committee of the Treasury. The war saving bond quotas for all States and Territories is $1,000,000,000 and this intensive selling effort is designed to help it reach the goal. Prior to the selling period it is planned to have the Governor of each State speak over the radio to the retail stores and to stage rallies throughout the country to arouse the enthusiasm for the selling campaign.

Wire-Tapping Bill For War Crimes Approved

The House by a voice vote approved on May 26 legislation authorizing wire tapping in order to prevent interference with the national security and defense. The legislation, in the form of a resolution, is strictly a war measure and is confined to war crimes; it restricts wire tapping to the Federal Bureau of Investigation, the Army Intelligence Division and the Office of Naval Intelligence. Specifically, the resolution makes admissible in evidence information obtained by wire tapping in cases involving treason, sabotage, espionage, seditious conspiracy, violations of neutrality laws, violations of the acts requiring the registration of foreign agents and organizations carrying on foreign activities. Severe penalties are prescribed for unauthorized uses of the evidence that might be obtained by wire tapping. The bill, which now goes to the Senate, would remain in effect until six months after the end of the war or until such earlier time as Congress, by concurrent resolution, or the President, might designate.

FDR Clarifies Duties Of State Dept. & BEW

President Roosevelt on May 21 issued a statement designed to clarify certain relations and functions of the State Department and the Board of Economic Warfare and to provide for cooperative action between them.

Elaborating on his informal remarks made at a recent press conference, the President reasserted that the authority for formulating and conducting the country's foreign policy and relations with foreign nations rests with the State Department and that the BEW's primary responsibility has to do with matters of business judgment concerning the import of materials needed for the war effort. In cases involving both matters, the President said that Secretary of State Hull and Vice-President Wallace, who is head of the BEW, will work out a joint decision. Mr. Roosevelt added that it is essential that there be "complete exchange of information, mutual consultation and mutual confidence."

Mr. Roosevelt's previous remarks in the matter as to jurisdiction of the Department and the Board were mentioned in these columns May 7, page 1783.

The President's statement of May 21 follows, in part:

In the making of decisions the Board and its officers will continue to recognize the primary responsibility and position, under the President, of the Secretary of State in the formulation and conduct of our foreign policy and our relations with foreign nations. In matters of business judgment concerned with providing for the production and procurement of materials to be imported into this country for the war effort, including civilian supply, the Department will recognize the primary responsibility and position of the Board.

In many cases a decision may involve both matters of foreign policy and business judgment in varying degrees. No clear-cut separation is here possible. Accordingly, if occasions arise in which proposed action of the Board or its officers is thought by officials of the State Department to be at variance with essential considerations of foreign policy, the Secretary of State and the Chairman of the Board will discuss such matters and reach a joint decision, in matters of sufficient importance obtaining direction from the President.

The Board will continue to recognize that it is the function of the Department of State to conduct or authorize the conduct of all negotiations with foreign governments in Washington and abroad. In negotiations relating to the production and procurement of commodities intended for import in accordance with the President's Executive Order, the State Department will recognize the necessity for the participation of representaitves of the Board in order that the latter may adequately discharge its responsibilities.

In short, for the effective exercise of the functions both of the Board and the Department, it is essential that from the inception of any project there be complete exchange of information, mutual consultation and mutual confidence.

Eight Orders Listed For Mobilization

Paul V. McNutt, Chairman of the War Manpower Commission, announced May 22 an eight-point program designed to "promote the fullest utilization of the manpower of this nation." Mr. McNutt made public an outline of eight directives, effective June 1, to various government agencies prescribing the basic policies they are to follow to facilitate the most effective mobilization of the country's manpower.

In his executive order setting up the Commission, President Roosevelt on April 18 designated several Federal agencies to conform to the chairman's policies and directives as was reported in our issue of April 23, page 1631.

The following is the first set of these directives:

1. A directive to the United States Employment Service to prepare and maintain a list of those skilled occupations essential to war production in which a national shortage exists. Such occupations will be designated as critical war occupations.

2. A directive to the War Production Board to classify war plants and war products in the order of their urgency in the war program.

3. A directive to the Employment Service to make preferential referrals of workers to employers engaged in war production in the order of their priority before making referrals to other employers.

4. A directive to the Employment Service to proceed immediately to analyze and classify the occupational questionnaires distributed by the Selective Service System, to interview those individuals with skills in critical war occupations, and to refer them to job openings in war production work.

5. A directive to the Selective Service System to instruct all its local boards located in a community served by the Employment Service to secure the advice of the local public employment office before classifying or reclassifying an individual skilled in a critical war occupation.

6. A directive to the Employment Service to increase its activities and facilities necessary to provide additional agricultural workers.

7. A directive to the Farm Security Administration to increase the number of mobile labor camps in order to make available workers in agriculture to achieve the "food for victory" objective.

8. A directive to the Office of Defense Transportation and the Farm Security Administration to assure adequate transportation facilities to move migrant agricultural workers.

Foundations' Assets Near $1½ Billion Mark

The capital assets of independent American foundations that make grants have grown to more than $1,400,000,000, according to a report published on May 24 by Raymond Rich Associates of New York, consultants to foundations and other non-profit institutions. The survey, embracing reports from 314 leading foundations and family trusts is an extensive revision of a similar survey of 243 foundations published in 1939, and earlier editions issued periodically by the Twentieth Century Fund. Regarding the survey, the announcement from Raymond Rich Associates states:

One hundred and sixty-two foundations of the 314 surveyed, reported capital assets amounting to $1,073,572,367 as of the end of 1940, the latest year for which complete figures are obtainable. Although the other 152 foundations did not make public the extent of their assets, available information indicates that they aggregate some $350,000,000, bringing the total to about $1,400,000,000.

The reported figure of $1,073,572,367 is contrasted by the Rich Associates with assets of $945,443,637 for 121 of the 243 foundations listed at the end of 1937, and of $701,676,268 for 88 of the 123 foundations listed at the end of 1934. The 1934 figures are from the earlier survey by the Twentieth Century Fund. The assets in all cases are exclusive of land, buildings and equipment used by the reporting foundations.

The Rockefeller Foundation is the largest foundation among those reporting their capital assets, with the Carnegie Corporation in second place. The capital of these two foundations —$169,416,504 and $165,518,578 respectively — accounts for 31.2% of the total capital reported. Thirty-two other foundations also had capital assets of more than $5,000,000 each at the end of 1940. These include: Board of Directors of City Trusts of the City of Philadelphia, $93,420,389; The Kresge Foundation, $57,510,347; The Commonwealth Fund, $51,218,551; W. K. Kellogg Foundation, $46,574,168, Charles Hayden Foundation, approximately $45,000,000 and the General Education Board, $40,684,023. The 34 largest foundations showed assets amounting to 87.9% of the total capital of the 162 reporting foundations in 1940.

Twenty-eight of these large foundations — among the 34 with more than $5,000,000—also provided figures on their capital in 1934 and 1937. Of these 11 reported assets at the end of 1940 greater than at the end of 1937, and four remain the same.

The survey also contains a classified listing of foundation grants and a comparative analysis of foundation investment portfolios.

Industrial Management—Columbia Summer Course

A 14 weeks' program of combined instruction in industrial management and business procedures will be given in the Summer Session of Columbia University, it is announced by Robert D. Calkins, Dean of the School of Business at the University. The course is designed for both business and engineering students and is intended to meet the shortage of trained personnel in the business-industrial management field. The faculty of the School of Engineering and the School of Business have cooperated in the organization of the program which began on June 1 and ends Sept. 12.

From Washington

(Continued from First Page)

pointment to his own cabinet. Even one of Hoover's nominees for the Supreme Court was rejected. Unquestionably the Senate was motivated at times by purely devilish considerations, or the desire to let it be known who was boss. It was almost unheard of for a President to name a federal official in a particular state without the approval of the Senators of that state, or in the event of the Senators being of the minority party, of the state leaders. If he did, because he and these Senators were not seeing eye to eye, the chances were 99 out of 100, that they could block the appointee's confirmation.

It was in this way, together with its control of the purse strings, that Congress held its own against ambitious men who got into the White House. It was in this way that it blocked any ambitions for a third term up until 1940.

Under this system, we had more or less 531 little political groups throughout the country. That is to say the federal appointees owed their appointments to some one member of Congress, the more important ones to a Senator, those of lesser importance such as postmasters, etc., to a Congressman. This resulted in the White House having to keep in close touch with Congress, in its having to work in close cooperation with the legislative branch. Members of the majority party sat in on the formulation of administrative policy. They were a definite part of the Government.

The New Deal has by-passed all of this. Through the tremendous largess at its disposal, it went directly to the Mayors and the Governors with their little armies of officeholders. Formerly these Mayors and Governors had been beholdened to their Senators. They became beholdened to the New Deal. With this as a starter, the New Deal then succeeded in putting their own men in the state directorships of the countless bureaus with which they littered the country. Now they even have their own nationwide agency—that of Lowell Mellett's office of Government "Reports"—to inform them of the moods, the goings-on, the conditions in the various communities. Members of Congress used to give this information to the President. Now if one of them should by chance get an audience and tell the President about the conditions in his particular community, he will find the President fully advised and quite likely, differently from the Congressman's report.

The New Deal still plays ball with a sufficient number of Senators to give them a majority there in the matter of confirming appointees which require Senate confirmation. But these appointees are almost negligible in the army of $5,000 to $10,000 a year jobs that are being created every day. The Senate has sought unsuccessfully to bring some of these juicy plums under its thumb, by providing that all appointees to jobs calling for certain salaries, must be confirmed. In most instances it has run into the jealousy of the House. This was the case when Henderson's agency was first authorized.

It will be interesting, in view of Congress' belated recognition of the fix it is in, to see if the Senate confirms Frank Hague's offering for the Federal judiciary, one of his henchmen. Here is an appointment about which the President didn't even consult his own Department of Justice, just sent it on to the Senate at Hague's behest. The accepted report here is that the President is sore at Governor Edison, who is fighting the appointment, because the Governor is supposed to have been flirting with the Willkie Democrats.

Will Not Review Writ Attaching French Gold

The United States Supreme Court on May 26 declined to review the action of the New York Supreme Court in issuing a writ in February, 1941, attaching $200,000,000 of gold of the Bank of France, held in New York. The writ was issued to representatives of the exiled Belgian Government. Washington advices May 25 to the New York "Times," reporting the U. S. Supreme Court's refusal to review the case, said in part:

> The lawsuit arose when the assignees, Daniel de Gorter and Henri Wild, sought to attach the French gold in this country to compensate for gold which the Belgian bank had on deposit with the French institution when the Germans took over Paris.
>
> The two Belgians sent the gold to Paris for safekeeping, against German invasion, between November, 1939, and May, 1940. There was, they contend, an understanding that the metal would be returned, but a request for such rehabilitation was refused in June, 1940, just before the Franco - German armistice.
>
> When France fell, the gold, it was alleged, was sent to Dakar instead of to the exiled Belgian Government. Later it was shipped by plane to Marseilles, and handed over to the Germans, the Belgians maintained.
>
> Subsequently the two litigants obtained an attachment against $749,000,000 belonging to the Bank of France, and on deposit with the Federal Reserve Bank in New York City. A legal battle ensued, the French maintaining that the New York courts lacked the authority to try cases involving foreign corporations, and neither of the two banks did direct business in the State.
>
> This plea was rejected in the New York tribunals, and now the Supreme Court has declined to review the decision.
>
> In a brief to the Supreme Court, the Bank of Frence held that "for reasons which it is not here important to discuss," the gold was not given back to the Belgian bank after the Germans went into France.

Previous reference to the proceedings appeared in our issue of Feb. 6, 1941, page 917.

Plans Completed For NY Bond Pledge Campaign

The results of six weeks' planning and organization, during which more than 200 key men and women have put into motion the massive machinery for enlisting and training 200,000 Minute Men and Women to call upon every family in Greater New York for the purpose of securing a written pledge for the systematic purchase of War Bonds from the entire population, was recently announced by John T. Madden, Chairman of the U. S. Treasury's Greater New York War Bond Pledge Campaign. Mr. Madden, Administrative Vice-President of the Manufacturers Trust Co., is on leave of absence to do this urgent job.

Mr. Madden said that the framework of the huge organization has now been completed and while there are still many serious problems ahead and a tremendous amount of work to be done, the preliminary plans are now already beginning to function in all five boroughs.

In this Greater New York War Bond Pledge Campaign, a total of 7,500,000 people must be reached, which means at least 2,000,000 families will be called upon during a ten-day period from June 14 to 24. Each family will be asked to sign a pledge to buy War Bonds and Stamps regularly, in line with the Treasury Department's national objective.

Patent Infringement Claim Upheld By Court

In a 6-3 decision on May 25 the United States Supreme Court ruled that machines used by the Williams Manufacturing Co. of Ohio infringed patent claims of the United Shoe Machinery Co. of Boston. The majority decision was led by Justice Roberts; the dissenting Justices were Justices Black, Douglas and Murphy. Reporting the High Court's conclusions the New York "Times" in advices from Washington May 25 said:

> Defeated in lower courts, the Williams Company appealed on the ground that the claims concerning automatic heel lasting machines, were invalid because "they constituted attempts to repatent a broad combination of old devices" and merely "embodied aggregations of new unpatentable mechanisms with old mechanical combinations."
>
> The majority, however, supported the lower courts in holding that the "new combinations, while they involve old mechanical constructions, combine these in a new way so as to produce an improved result."
>
> Rejecting a contention that the combinations "are merely of old elements, which perform no new function and produce no new results," the majority refused the Williams Company the right to use a heel lasting machine if it had any of the improvements covered by the patent claims.
>
> Referring to a decision by former Supreme Court Justice Bradley, 69 years ago, the Black-Douglas-Murphy minority objected to combining the decription of improvements with description of a complete machine seeking the new patents. They disclaimed belief that "our patent system was intended to allow the indiscriminate jumbling of the new and the old which would permit the inventor of improvements to extend his domain of monopoly by perpetuating rights in old inventions beyond the 17 years Congress has provided."
>
> Asserting that the improvements could have been patented separately, the minority declared the patent technique of United was "an attempt to utilize minor improvements to perpetuate the exclusive enjoyment of a major instrument of production which rightfully belongs to the public."
>
> Justice Black said the patent was "one of a group which seems to have an interminable capacity for self-perpetuation" and that to grant it would deprive the public of benefits expected from the patent laws.

Peoples' Sacrifices Exact Rights: Donovan

Eugene C. Donovan, President of the New York State Bankers Association, told the bankers' annual meeting in New York City on May 25 that the American people have the right to expect many things from Government, industry, labor and banking in view of their ready and willing acceptance of denial. They have the right to expect, Mr. Donovan said, that no unnecessary burdens will be placed upon them, and he continued:

> They have the right to expect that the promises of Government will be kept, that politics will be adjourned for the duration and that their elected representatives will conduct themselves as statesmen and as nothing less. They have the right to expect that Government will practice its preachments of economy, and they have the right to expect that at the end of this struggle those things which have been taken away will be returned.
>
> From Industry the American people have the right to expect full cooperation with Government and with labor to the end that our productive facilities may yield to the fullest extent the instruments of victory. They have the right to expect industry to forego large private profits. To date these expectations from industry are being realized on a scale few thought possible a little while ago.
>
> From Labor the American people have the right to expect that it will not use its newly won gains for its own selfish advantage. The intelligent people of America agree, I think, that labor will and should have a stronger voice in the conduct of our united affairs, but those same intelligent people expect, and rightly so, that those who lead labor should be of a type to merit the confidence of reasonable and honest men. The responsibility for that leadership rests with labor, as even today goes to it the credit for the astounding production records which are being made.
>
> From the Banking System, from men like us, the American people have the right to expect wholehearted support and intelligent, liberal and sincere cooperation with other groups. From us, too, they expect the acceptance of responsibility for financing the war. They have the right to expect the banks to buy Government bonds to the limit of their resources — resources which, I might say, do not belong to us but to the people of America. They have the right to expect us to do our share in financing our farmers and our manufacturers who are producing for war.

Mr. Donovan further stated:

> The American people have a right to expect that we shall continue to do all these things and more, respecting at the same time the legitimate needs of our own communities. We must cooperate in controlling credit, but we must not be scared nor stampeded into liquidating our villages and towns and cities.
>
> These are the rights and expectations of the people of America today. If they are realized there can be only one result: we will win the war, and we will keep faith with the boys at the front.

Congress Votes Increase In War Risk Ins. Fund

The House passed unanimously on May 21, and the Senate on May 28, a resolution appropriating $210,000,000 for the purpose of increasing the marine and war-risk insurance fund of the War Shipping Administration. This appropriation is needed to augment the original fund of $40,000,000 provided in July, 1940. During House discussion of the measure it was disclosed in the report of the House Appropriations Committee that "at the rate losses are occurring the fund is estimated to be liable for a little more than a ship a day, and on the basis of estimated claims payments it will require approximately $20,000,000 average appropriated funds per month over premium receipts to meet the obligations." The report also showed that between Dec. 31, 1941 and May 1, 1942, insurance coverage increased from $14,000,000 to $883,000,000. It was estimated by Rep. Cannon (Dem., Mo.) head of the Appropriations Committee, that the $210,000,000 appropriation, together with funds now on hand and current premiums, will be sufficient to supply requirements for from eight months to one year. He also pointed out that the premiums charged for this insurance are as high as the traffic will bear and that any higher rates will drive shipping from the seas.

Close Relation of U. S. Canada Seen Permanent

If the war emergency lasts for any length of time, the new-found bases of economic cooperation between Canada and the United States may have consequences of a profound and permanent character, according to a forthcoming Conference Board report on Canada's role in the American Hemisphere. Everything, says the Board, now points to a constantly nearing unification of the war programs of the two countries and to the greatest possible coordination of industrial production, with regional specialization and mutual exchange of both raw materials and war items. The Board adds:

> The functions of the Joint Economic Committees of the two countries are, however, not confined to wartime problems but embrace matters that have to do with post-war problems. These committees have an opportunity to advance Canadian-United States relations tremendously, the Board finds. Members of these commitees are high ranking Government officials who have the assistance of full time research staffs.

"Many Canadians," the Board reports, "fear that the constantly approaching economic integration of Canada and the United States increases the potential threat of their country's being annexed to the United States." It finds, however, that "a decided change in Canadian public sentiment" has occurred in recent months "according to observers who note a marked tendency among thinking Canadians to accept, if not welcome, the thesis of hemisphere unity, and its implications for the future." Continuing the Board says:

> The more the multitudinous problems involved are frankly discussed and explored today the better prepared both countries will be to meet promptly future contingencies as they arise.

Meanwhile the "main obstacles to the merging of the war efforts of Canada and the United States" are found to be "tariffs, trade regulations, red tape, and foreign exchange problems. One of the chief concerns today is how to overcome these obstacles and at the same time retain intact the traditional political independence and economic individuality of the two countries."

May Cotton Sales

The Commodity Credit Corporation announces that offers were accepted on May 26 for the purchase of 125,241 bales of cotton under the General Cotton Sales Program at prices averaging 71 points on October New York futures for middling 15/16 inch cotton at Carolina B mill points. Bids were received on a total of 588,050 bales. The announcement stated:

"A total of 69,864 bales had been sold previously in May under the new uses and sales for export programs, bringing the total quantity sold during the month to 195,105 bales.

"Since Jan. 1, 1942, total sales under the various programs of the CCC, exclusive of the Lend-Lease and relief programs, have amounted to 1,322,364 bales as follows:

General Cotton Sales Program	1,099,133
Sales for Export	195,381
Sales for New Uses	27,850
	1,322,364

"There remains a total of 177,636 bales of cotton that may be sold during the calendar year 1942 within the limitation of 1,500,000 bales specified in section 381 (c) of the Agricultural Adjustment Act of 1938, as amended."

AEF Will Land In France, Says Marshall

Gen. George C. Marshall, Army Chief of Staff, declared on May 29 that American soldiers "will land in France" thus giving the first official intimation that an invasion of Europe is planned. Speaking before the graduating class of the United States Military Academy, at West Point, N. Y., Gen. Marshall declared that "one thing is clear to me, we must be prepared to fight anywhere, and with a minimum of delay." Gen. Marshall added in part:

Today we find American soldiers throughout the Pacific, in Burma, China and India. Recently they struck at Tokyo. They have wintered in Greenland and Iceland. They are landing in Northern Ireland and England, and they will lend in France. We are determined that before the sun sets on this terrible struggle our flag will be recognized throughout the world as a symbol of freedom on the one hand and of overwhelming force on the other.

The state of the public mind has changed. Many of those who were in confusion have come to a clear conclusion as to what we must do. Our people, solidly behind the Army, are supporting wholeheartedly every measure fo rthe prosecution of the war.

Commenting on the tremendous growth of the military establishment, Gen. Marshall revealed that during the past four weeks the Army has been increased by 300,000 men and that by the end of the year will total nearly 4,500,000 men. (Previous War Department estimates had placed the total in the ranks by the year-end at 3,600,000 men.) Most of the expansion, he added, is taking place in the air forces.

Gen. Marshall in his address also said:

In a few days you will find yourselves among thousands of young officers who have recently won their commissions in an arduous and rigorous competition unique in the annals of our Army.

* * *

Already they are familiar with the concentrations and movements of large masses of men. Many of them have participated in manoeuvres which extended over a period of months and involved hundreds of thousands of troops operating over tremendous areas, covering in one instance an entire State. In other words, you will be in fast company; you are to join virile, highly developed forces. You will meet the citizen-soldiers of America at their best and, by the same token, you will have to work very hard to justify your heritage.

G. W. Norris Dies

George W. Norris, former Governor of the Federal Reserve Bank of Philadelphia, died on May 13 at his home in Gwynedd Valley, Pa. A native of San Francisco Mr. Norris was educated as a lawyer and practiced for years before entering the banking business. He was appointed a Director of the Philadelphia Federal Reserve Bank when the system was organized in 1914 and became Vice-Chairman of the Bank in 1916. Mr. Norris was made Governor of the Reserve Bank in 1920 and served until 1936. His appointment as President of the Bank in 1936 was rejected by the Board of Governors of the Federal Reserve System because, it is said, he was past the retirement age. Mr. Norris also helped organize the Federal Farm Loan system and served as Commissioner from 1916-20.

June War Bond Quota Raised to $800 Million

War Savings Bond county quotas for June, stepped up by an average of 33⅓% to meet the increased national quota of $800,000,000 from the $600,000,000 May figure, were announced on May 31 by the Treasury Department for every one of the 3,070 counties in the nation. The announcement stated:

From New York City's $121,794,100, a quota for all five counties in the city, to the $100 that Armstrong County, in South Dakota, (population 42) is being asked to produce, the new figures are based on actual sales in past months and the expectation that each county will meet its quota. The pace will be increased next month again, when $1,000,000,000 will be the minimum goal for the countrywide drive.

The second highest June quota is for Cook County, Ill., in which Chicago is located, while Philadelphia is third. These counties have quotas of $49,518,300 and $28,300,700, respectively. For these three the figures conform to population, but several of the next largest figures deviate from the population ratio.

The quota campaign, carried out with the assistance of various community organizations and hundreds of thousands of volunteers, is designed to secure a minimum of 10% of the entire national income, principally through the payroll savings plan under which employees authorize employers to set aside a stated amount from their earnings every payday.

New York City Expects Influx Of Vacationists

The basic gasoline rationing for motorists will bring the greatest influx in history of nearby vacationists to New York City this summer in the opinion of the Commerce and Industry Association of New York, Inc., which on May 18 made public a survey showing that 18,104,500 people, or 13.7% of the total population of the United States, live within a 100-mile radius of the lower tip of Manhattan Island. The Association points out that existing circumstances have caused thousands, who had hoped for vacation trips to far-away places, to shift their plans and, after a family discussion, it is considered that great numbers of them will choose the Metropolis because of its varied means of entertainment and the easy accessibility of its famous beaches.

As the needs of war and business wil have first call on public carriers and the vacationists will get what's left, the Association believes educational campaigns by Chambers of Commerce and transportation companies encouraging vacationists to do their playing nearer home will be helpful in aiding the war effort. The Federal Government is aiming to discourage long distance vacation travel on trains and buses, but encourages recreation if it does not interfere with the war effort. The Association also states:

Under the existing gasoline rationing scheme, "A" card holders must restrict their summer vacation trips to a radius of not more than 100 miles. Even this will entail leaving the car in the garage for a period prior to the planned pleasure jaunt to accumulate a sufficient supply of fuel.

Except for short trips within a radius determined by the amount of gas available and the state of one's tires, long vacations by private motor cars seemed doomed for the duration.

Mar. Cash Financ'g Down: No Treasury Borrowing

The Securities and Exchange Commission announced on May 27 that new issues of securities offered for cash in March declined to $709,000,000, the lowest amount offered since November, 1941. The shrinkage, according to the Commission, was primarily due to the absence of borrowing in the market by the Government, except for Treasury bills, which are not included in the survey, and the decrease in sales of War Savings Bonds to the lowest levels since December. Offerings of corporate and municipal securities continued to be small in volume, although increases were shown in each of these categories as compared with the month of February.

The Commission's announcement further stated:

The survey, which was prepared by the Research and Statistics Subdivision of the Trading and Exchange Division, covers all new corporate and non-corporate issues offered for cash that are reported in the financial press, with the exception of issues $100,000 and under in amount and, in the case of debt issues, of a maturity of less than one year.

Total new corporate flotations amounted to $102,000,000, comparing with $78,000,000 in February, and $164,000,000 in January. Thus, for the first three months of 1942, only slightly over $340,000,000 of corporate issues have been marketed, or less than any quarter since the first quarter of 1939. A moderate decline has been found so far in 1942 in the percentage of all corporate bond issues that have been privately placed. Excluding issues sold by competitive bidding directly to ultimate investors (which have been few in number), approximately one-fourth of corporate bonds have been privately placed. This compares with averages during the last four years ranging from 28 to 35%.

Public utility issues comprised $49,000,000 of March flotations, accounted for chiefly by one issue: $32,500,000 Pennsylvania Electric Co. first mortgage 3⅜s, due 1972. Industrial companies marketed $47,000,000 of securities, while the remainder of corporate issues was made up of $6,000,000 of railroad obligations.

Of estimated net proceeds raised from corporate flotations, new money purposes was to absorb $39,000,000 (the same amount as was shown in February), with plant and equipment accounting for $35,000,000 and additions to working capital, $4,000,000. The amount of money allocated to repayment of indebtedness and retirement of preferred stock was $61,000,000, or approximately three-fifths of total net proceeds. This amount included $41,000,000 for the retirement of funded debt. $15,000,000 for the payment of other debt (chiefly bank loans) and $5,000,000 for the retirement of preferred stock issues.

Texas Joint Land Bank Bonds Offered At Par

Kidder Peabody & Co. in May offered at par, an issue of $350,000 First Texas Joint Stock Land Bank of Houston, 1½% farm loan bonds. The issue was offered at par and the proceeds, together with surplus cash, were used to refund $55,000 ¾% bonds due May 1, 1942 and $500,000 2½% bonds due May 1, 1942-1947. The bonds dated May 1, 1942, mature May 1, 1947 and are callable at par May 1, 1943 or any interest date thereafter. Interest is payable May 1 and Nov. 1. Bonds are issuable in denominations of $5,000 each.

National Bank Earnings Were Higher in 1941

Comptroller of the Currency Preston Delano announced on May 25 that the 5,123 active national banks in the United States and possessions on Dec. 31, 1941, reported gross earnings of $925,663,000 for the calendar year 1941. This represents an increase of $60,914,000 over the gross earnings for 1940 of the 5,150 national banks that were in active operation on Dec. 31 of that year.

The Comptroller's announcement further disclosed:

Operating expenses for the year 1941 were $641,648,000 as against $599,444,000 for the year 1940. Net operating earnings for 1941 were $284,015,000, which was $18,710,000 more than the amount reported for the preceding year.

Adding to the net operating earnings profits on securities sold of $79,983,000 and recoveries on loans and investments, etc., previously charged off of $106,779,000, and deducting losses and depreciation of $201,482,000, the net profits before dividends for the year 1941 amounted to $269,295,000, which was 17.70% of the par value of common and preferred stock and 7.37% of capital funds. This figure of net profits before dividends for 1941 was $27,830,000 more than the amount reported for 1940.

The principal items of current gross operating earnings for 1941 were $457,466,000 from interest and discount on loans, an increase of $45,822,000; and $291,984,000 from interest and dividends on bonds and securities, an increase of $7,891,000 in the year. The principal operating expenses were $272,057,000 for salaries and wages of officers and employees, an increase of $16,758,000 over 1940; $99,199,000 expended in the form of interest on time and savings deposits, a decrease of $6,371,000, and $85,134,000 paid in taxes, an increase of $19,030,000.

Profits on securities sold during 1941 aggregating $79,983,000 were $25,068,000 less than in the preceding year, and losses and depreciation on bonds and securities for 1941 totaling $92,134,000 were $15,826,000 less than in the year before.

Dividends declared on common and preferred stock in 1941 totaled $147,970,000, in comparison with $145,273,000 in 1940. The dividends were 9.73% of common and preferred capital and 4.05% of capital funds.

SEC Reports On Smaller Iron and Steel Companies

The twelfth of a new series of industry reports of the Survey of American Listed Corporations was made public by the Securities and Exchange Commission on May 20. It covers 50 corporations, with assets of under $100,000,000 each, engaged primarily in the production of iron and steel and which had securities registered under the Securities Exchange Act of 1934 at Dec. 31, 1940. The combined sales reported by the group were $529,000,000 in 1940 compared with $408,000,000 in 1939. Net profits after all charges totalled $37,000,000 in 1940 against $21,000,000 in 1939, equivalent to 7% and 5.2% of sales, or 8.8% and 5.4% of net worth at book value. Total dividends paid out by these enterprises were $16,000,000 in 1940 compared with $11,000,000 in 1939. The combined assets for these 50 enterprises totalled $597,000,000 at the end of 1940 compared with $553,000,000 at the end of 1939, while surplus increased from $160,000,000 at the end of 1939 to $184,000,000 at the end of 1940.

To Bar Commercial Use Of Red Cross Emblem

President Roosevelt urged Congress on May 25 to enact legislation which would prohibit the use of the Red Cross name and emblem for commercial purposes. In identical letters to Senator Van Nuys (Dem., Ind.), Chairman of the Senate Judiciary Committee, and Representative Bloom (Dem., N. Y.), Chairman of the House Foreign Affairs Committee, the President indorsed the bill designed to more effectively implement the provisions of the Red Cross convention of 1929 and declared that the Army, Navy, State Department and American National Red Cross feel strongly that wartime conditions make the proposed legislation necessary. After relating the history of the organization, Mr. Roosevelt said:

To great numbers of loyal Americans it seems almost a sacrilege for any person for private material benefit to use an emblem created by international agreement solely for humane purposes and as a protective mark for the establishments caring for the sick and wounded of armies and those engaged in extending aid to them. That such use preceded this Government's exercise of its prohibitive powers should not stand as a bar to the passage of remedial legislation in the public interest.

This country today faces the greatest challenge. Millions of its citizens are serving for its preservation. There are—there will be—sick and wounded on our battlefront. It is our solemn obligation to give them every comfort and protection within not only the letter but also the spirit of the Treaty of Geneva.

It should now be the declared policy of this Government to give adequate and complete protection to an emblem which, increasingly over the years, has come to be recognized by all nations as the symbol necessary to make possible humanitarian succor to the sick and wounded of armies and the needy and distressed peoples of the world.

I most earnestly commend the pending legislation to the favorable action of the Congress.

Secretary of State Hull on May 23 indicated his indorsement of the bill in a letter to Representative Bloom on the ground that "the common good can best be served by reserving for the exclusive use of the medical services of the Army and Navy and the Red Cross organizations an emblem which has been chosen as their symbol and which we along with other governments, have by treaty undertaken to protect."

Drop In Home Ownership

While the number of owner-occupied homes in non-farm areas rose from 10,678,504 in 1930 to 11,413,461 in 1940, home ownership did not keep pace with the increase in families, according to the May issue of the Federal Home Loan Bank Review. The article states:

"In 1930, 46 out of every 100 non-farm families owned their homes. According to the 1940 Census, this proportion had shrunk to 41, throwing the position of non-farm home ownership back where it was in 1920 and representing the first serious break in its advance in the past 50 years."

Analyzing the reasons for this trend, the Review mentions the wave of foreclosures in the early 'thirties, economic pressures that forced many families to rent their homes, conversion of numerous large single-family dwellings to apartments or rooming houses, the downward movement in real estate prices providing little incentive for home-ownership as an investment, and the low rate of new home construction during many years.

Electric Output For Week Ended May 30, 1942 Shows 12.5% Gain Over Same Week in 1941

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended May 30, 1942, was 3,322,651,000 kwh., which compares with 2,954,647,000 kwh. in the corresponding period in 1941, a gain of 12.5%. The output for the week ended May 23, 1942, was estimated to be 3,379,985,000 kwh., an increase of 11.2% over the corresponding week in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	Week Ended			
Major Geographical Divisions—	May 30, '42	May 23, '42	May 16, '42	May 9, '42
New England	14.6	9.8	8.7	7.8
Middle Atlantic	9.2	8.2	8.4	8.7
Central Industrial	12.6	9.0	9.3	10.2
West Central	10.4	8.2	8.2	10.1
Southern States	10.7	15.4	16.7	17.0
Rocky Mountain	7.0	4.6	2.5	3.3
Pacific Coast	22.1	19.2	19.6	20.1
Total United States	12.5	11.2	11.5	12.0

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
Mar. 14	3,357,444	2,983,591	+12.5	2,550,000	1,537,747	1,687,229
Mar 21	3,357,032	2,983,048	+12.5	2,508,321	1,514,553	1,687,229
Mar. 28	3,345,502	2,975,407	+12.4	2,524,066	1,480,208	1,679,589
Apr. 4	3,348,608	2,959,646	+13.1	2,493,690	1,465,076	1,663,291
Apr. 11	3,320,858	2,905,581	+14.3	2,529,908	1,480,738	1,696,543
Apr. 18	3,307,700	2,897,307	+14.2	2,528,868	1,469,810	1,709,331
Apr. 25	3,273,190	2,950,448	+10.9	2,499,060	1,454,505	1,699,822
May 2	3,304,602	2,944,906	+12.2	2,503,899	1,429,032	1,688,434
May 9	3,365,208	3,003,921	+12.0	2,515,515	1,436,928	1,698,492
May 16	3,356,921	3,011,345	+11.5	2,550,071	1,435,731	1,704,426
May 23	3,379,985	3,040,029	+11.2	2,588,821	1,425,151	1,705,460
May 30	3,322,651	2,954,647	+12.5	2,477,689	1,381,452	1,615,085

New York Stock Exchange Odd-Lot Trading

The Securities and Exchange Commission has made public a summary for the weeks ended May 16 and 23, of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended—	May 16	May 23
Odd-lot Sales by Dealers: (Customers' Purchases)		
Number of orders	8,563	9,930
Number of shares	225,296	257,909
Dollar value	$7,667,510	$9,372,859
Odd-lot Purchases by Dealers: (Customers' Sales)		
Number of orders:		
Customers' short sales	190	230
*Customers' other sales	8,459	9,730
Customers' total sales	8,649	9,960
Number of shares:		
Customers' short sales	5,926	5,961
*Customers' other sales	204,755	246,063
Customers' total sales	210,681	252,024
Dollar value	$6,286,166	$7,683,379
Round-lot Sales by Dealers:		
Number of shares:		
Short sales	230	200
†Other sales	50,010	64,910
Total sales	50,240	65,110
Round-lot Purchases by Dealers:		
Number of shares	68,040	75,530

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Nation's Food Supply To Be At Record Level

The Department of Agriculture on June 1 said reports on food production indicate that while the nation's total supply of foods will be larger this year than last—and larger than total requirements—variations are expected in the supply of individual items. Products in larger domestic supply include fresh fruits and vegetables, fluid milk and cream, eggs, beef, wheat, lamb and mutton. Products in smaller supply (allowing for military needs and Lend-Lease commitments) include canned vegetables, pork, animal fats, vegetable oils, and sugar.

The Department's announcement further said:

Many women and young people will help with the big winter wheat harvest which will soon be underway. This year's crop of winter and spring wheat, added to the carryover from last year, will give the country a two-years' supply—or enough for 265,000,000 people in one year.

There are more than enough feed grains in bin and storage to carry through until the new feed harvest is made this autumn. Farmers have put in larger acreages of feed grains this year, but more livestock are on the farms and ranches than ever before. These will consume more feed. Meanwhile, summer pastures are in unusually good condition.

Milk is in flush production this month, but will fall off as hot weather sets in. It will decline seasonally through November when another season of rising production will get underway. Effort is to lessen the usual summer slump by means of supplemental feeding. In any case, total production will be larger this summer than last.

Production of eggs during the first four months of this year mounted to a higher season peak than ever before—nearly 18,700,000,000 eggs, as compared with little more than 16,000,000,000 during the same period last year. Although quantities of these eggs were processed for Lend-Lease export, and some went into storage against the seasonal decline in production now under way, the bulk went into domestic consumption.

Domestic production of fats and oils will be larger this year than last by about 1,000,000,000 pounds, but this increase will only offset the reduction in imports. Requirements for fats and oils are much larger this year than last and reserve stocks may be drawn upon heavily.

ODT Advocates Mid-Week Start For Vacations

The Office of Defense Transportation on May 20 requested the United States Chamber of Commerce, American Bankers' Association, and the Institute of Life Insurance to ask member organizations to aid in relieving week-end travel demands on the railroads and bus lines by scheduling mid-week departure and return of employees who plan vacation trips. In its announcement the ODT said:

In letters addressed to these organizations, ODT called attention to Director Joseph B. Eastman's recent appeal to all Government agencies to arrange for annual leaves to begin and terminate on Tuesdays, Wednesdays, and Thursdays, and to spread vacations over the entire year rather than concentrate them in the months of July and August.

Holgar J. Johnson, President of the Institute of Life Insurance, advised ODT that both the President's Association and the American Life Convention group had taken up with all their company executives vacation adjustments to avoid week-end travel.

Edward E. Brown, President of the First National Bank of Chicago, reported that his bank already had arranged with employees who planned railroad vacation travel to depart on days other than Friday and Saturday and to return in mid-week.

"The continued cooperation of all business organizations in the matter of planning mid-week vacation schedule," Mr. Eastman said, in commenting on the response from these organizations, "will do much to ease the burden on common carrier passenger facilities, and the prompt response to this office's request is most gratifying."

Begin Normandie Salvage

The salvage work on the former French liner Normandie, which burned and capsized at a New York pier last February, is expected to take a year and cost several million dollars. The Navy Department announced on May 21 that preliminary salvage work had been started on the huge ship, which was being converted into the troopship Lafayette at the time of the fire which led to its capsizing. A special advisory committee of experts informed Secretary of the Navy Knox that the ship could be raised and he then issued the order to begin salvaging operations. Commander William A. Sullivan, Chief of the Navy's Salvage Section, will direct the project.

The Senate Naval Affairs Committee in its report on the disaster said on May 22 that the haste imposed on the contractor by the Bureau of Ships in Washington was an important factor in the loss of the vessel and that confusion of command and divided authority among the naval officers aboard the vessel were contributory causes. The Senate report said that the direct cause of the Normandie fire was the careless use of an oxy-acetylene torch near inflammable material without proper safeguards. The Senate investigating committee also questioned the decision to convert the Normandie into a troop carrier, explaining that competent witnesses had expressed the opinion that its use for war purposes was inadvisable due to the vessel's construction.

The Senate report agreed with the findings of the Navy board of inquiry and of the House Naval Affairs Committee that the fire was not an act of sabotage. The House group's report was referred to in these columns April 23, page 1640.

P. H. Johnston Awarded Honorary Degree Of LL.D.

Percy H. Johnston, Chairman of the Board of the Chemical Bank & Trust Company, New York, was awarded the honorary degree of Doctor of Laws by Centre College of Kentucky at Danville, Ky., on May 25. The bank's announcement says:

Mr. Johnston began his banking career in his native town of Lebanon, Ky., as a clerk in the Marion National Bank. At the age of 26, he became a national bank examiner despite the fact that he was under the age required for such an appointment. When 30 years old, he was made one of the four national bank examiners at large. He held this position until he became a Vice-President and Cashier of the Citizens National Bank, Louisville, Ky., at the age of 32, becoming First Vice-President the succeeding year.

In 1917, Mr. Johnston came to New York as a Vice-President of the Chemical Bank and was elected President of the bank in 1920. In 1931, he was elected Chairman and acted as both Chairman and President until 1935 when he relinquished the Presidency, continuing as Chairman and Chief Executive Officer of the bank which position he now holds.

Mr. Johnston is a past President of the New York Clearing House Association and has also just completed a two-year term as President of the Chamber of Commerce of the State of New York. He holds many directorships and has received numerous honors in other fields.

Imports For Government Excepted From Price Order

All sales of imported commodities to the United States Government or its agencies after May 17, have been excepted from the provisions of the General Maximum Price Regulation, Price Administrator Leon Henderson announced on May 29. Also excepted, said the announcement, are sales of imported commodities to any person who will use them to fill a contract or subcontract with United States agencies. The exceptions are provided in Amendment No. 1 to Supplementary Regulation No. 4 of the General Maximum Price Regulation, and become effective May 26. The OPA announcement May 29 added:

An "imported commodity" is defined in the amendment as "any commodity brought into the continental United States from outside the continental United States or brought into any territory or possession of the United States from outside such territory or possession."

In other words, the Price Administrator explained, the amendment excepts from the general order imported items brought into the continental United States from a foreign country or a United States territory or possesion under purchase by the Government, its agencies, or by contractors or subcontractors who will use such imports to fill Government orders.

In addition, it excepts from the General Regulation any commodities brought into any United States territory or possession, such as Alaska or Puerto Rico, from anywhere outside the territory or possession, including the continental United States, provided the commodities are under purchase by the Government, its agencies, or other buyers who will use them to fill a contract or subcontract with the United States. The exceptions apply, no matter whether the commodities are purchased in the countries from which they are to be exported, or bought after they have been imported.

Roosevelt Lauds Canada's Air Training Program

President Roosevelt, in a message to the United Nations air training conference which opened at Ottawa on May 19, said that Canada has become the "airdrome of democracy" in the cause of liberty. The delegates of 14 United Nations were welcomed at the opening session by Prime Minister W. L. Mackenzie King.

The President's message, read by Robert A. Lovett, U. S. Assistant Secretary of War for Air, follows:

I shall be grateful if you will convey my personal greetings to the conference.

It is particularly fitting that this conference should be held in Canada, for Canada has increasingly become the airdrome of democracy, sending from her training fields thousands upon thousands of her own men and men of the other United Nations to fight in the cause of liberty over all the battlefields of this planetary war.

Without Canada's tremendous contribution to our common destiny the cause of the United Nations might have been greatly imperiled. With Canada's valiant and unswerving aid, with the joined power and courage and audacity your conference symbolizes, the people of the United Nations can look forward confidently along the hard road of victory.

The hopes of free men and women everywhere, the hopes of those who are awaiting liberation in the countries the savage invaders have darkened and despoiled, are with the United Nations.

Strict Control By WPB On Street Cars & Buses

Advices from Washington May 21, (Associated Press) stated that the War Production Board has imposed strict controls on distribution of new street cars and motor buses, prohibiting any production or delivery except in accordance with specific WPB instructions. The advices added:

The order covers bodies designed for mounting upon chassis for either buses or trolleys.

Production and delivery schedules must be maintained as ordered by WPB, without regard to preference ratings assigned any particular contracts, the board directed.

Production quotas will be assigned individual producers.

In event a manufacturer finds it impossible to keep up with his production and delivery schedules he must notify WPB immediately, "meanwhile continuing to turn out as many of the vehicles, or bodies for them, as he can."

Cotton Exporters Given 60 Days More For Shipping

The U. S. Department of Agriculture said on May 28 that exporters who have registered sales under the Cotton Sales for Export Program administered by the Commodity Credit Corporation will be given an additional 60 days to complete shipments to Canada. The previous requirement was that cotton be exported prior to July 31, 1942. The advices likewise said:

The amendment to the program provides that cotton purchased from the CCC under bond prior to July 31, 1942, may be exported any time prior to Sept. 30, 1942. The change in time for completing shipments does not change the requirement that sales must be made during the period from Sept. 18, 1941 to July 31, 1942. Furthermore, the amendment provides that purchases from the CCC stocks must be made prior to July 31, 1942, or such earlier date as may be announced by the Corporation.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate *	Corporate by Ratings * Aaa	Aa	A	Baa	Corporate by Groups * R. R.	P. U.	Indus
June 2	118.33	106.39	116.02	112.75	107.44	91.48	95.77	110.70	113.70
1	118.30	106.39	116.02	112.93	107.44	91.77	95.92	110.88	113.70
May 30				EXCHANGE CLOSED					
29	118.35	106.39	116.02	112.93	107.44	91.77	96.07	110.70	113.70
28	118.35	106.56	116.02	112.93	107.44	91.91	96.07	110.88	113.70
27	118.35	106.39	116.02	112.93	107.44	91.77	96.07	110.88	113.50
26	118.34	106.39	116.02	112.93	107.44	91.77	96.07	110.88	113.50
25	118.40	106.39	116.02	112.93	107.44	91.77	96.07	110.88	113.50
23	118.38	106.39	116.02	112.93	107.44	91.77	96.07	110.88	113.50
22	118.33	106.56	116.02	112.93	107.44	91.91	96.07	110.70	113.50
21	118.08	106.39	116.02	112.93	107.44	91.77	96.07	110.70	113.50
20	117.92	106.56	116.02	113.12	107.44	92.06	96.38	110.70	113.70
19	117.86	106.56	116.02	113.12	107.62	92.06	96.54	110.70	113.50
18	117.88	106.56	116.02	113.12	107.62	92.06	96.54	110.88	113.50
16	117.88	106.56	116.02	113.12	107.44	92.06	96.54	110.88	113.70
15	117.89	106.74	116.02	113.31	107.62	92.06	96.54	110.88	113.70
14	117.80	106.56	116.02	113.31	107.44	92.06	96.54	110.88	113.50
13	117.89	106.56	116.02	113.12	107.44	92.06	96.54	110.70	113.70
12	117.72	106.56	116.22	113.12	107.44	92.06	96.69	110.70	113.70
11	117.74	106.56	116.02	113.12	107.44	92.20	96.69	110.70	113.70
9	117.76	106.74	116.22	113.12	107.62	92.20	96.69	110.70	113.70
8	117.79	106.74	116.22	113.12	107.62	92.20	96.69	110.70	113.70
7	117.83	106.74	116.22	113.12	107.44	92.20	96.54	110.70	113.70
6	117.98	106.74	116.22	113.12	107.62	92.06	76.54	110.70	113.70
5	118.01	106.74	116.02	113.12	107.62	92.20	96.69	110.70	113.70
4	117.86	106.74	116.22	113.12	107.44	92.20	96.69	110.70	113.70
2	117.98	106.74	116.22	113.12	107.44	92.20	96.69	110.70	113.70
1	117.90	106.56	116.22	113.12	107.44	92.06	96.69	110.70	113.70
Apr. 24	117.80	106.74	116.22	113.12	107.62	92.06	96.69	110.70	113.70
17	118.08	106.92	116.41	113.70	107.62	92.20	96.85	110.88	113.89
10	118.06	106.92	116.41	113.89	107.62	92.35	97.16	110.70	114.08
2	118.10	106.92	116.22	113.70	107.62	92.20	97,00	110.52	114.08
Mar. 27	118.20	106.74	116.22	113.50	107.62	91.91	97.00	110.34	113.50
20	117.80	106.21	115.63	113.12	107.09	91.34	96.85	109.79	112.93
13	117.33	106.21	115.43	112.93	107.27	91.34	96.85	109.60	112.75
6	117.32	106.21	115.63	112.93	107.27	91.62	96.85	109.79	113.31
Feb. 27	116.34	106.39	115.63	113.31	107.62	91.62	96.85	110.15	113.31
20	116.32	106.56	115.82	113.31	107.80	91.62	96.85	110.34	113.50
13	116.27	106.74	116.41	113.50	107.80	91.77	97.16	110.70	113.50
6	117.02	106.74	116.41	113.50	107.80	91.91	97.16	110.70	113.70
Jan. 30	117.08	106.92	116.22	113.70	107.80	92.06	97.31	110.52	113.70
23	117.51	106.92	116.22	114.08	107.62	91.91	97.31	110.70	113.70
16	117.60	106.92	116.41	113.89	107.62	91.91	97.31	110.52	113.70
9	118.00	106.92	116.61	114.08	107.62	91.77	97.16	110.70	113.89
2	117.61	106.04	115.82	113.50	107.09	90.63	95.92	110.34	113.31
High 1942	118.40	106.92	116.61	114.08	107.98	92.50	97.47	110.88	114.08
Low 1942	111.90	106.04	115.43	112.75	107.09	90.63	95.77	109.60	112.75
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.41
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
1 Year ago June 2, 1941	118.82	106.39	116.80	113.31	106.92	91.19	96.54	110.70	112.75
2 Years ago June 1, 1940	113.13	99.20	112.19	110.15	99.68	79.49	86.51	105.69	107.09

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1942— Daily Average	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus
June 2	3.37	2.85	3.02	3.31	4.31	4.02	3.13	2.97
1	3.37	2.85	3.01	3.31	4.29	4.01	3.12	2.97
May 30			EXCHANGE CLOSED					
29	3.37	2.85	3.01	3.31	4.29	4.00	3.13	2.97
28	3.36	2.85	3.01	3.31	4.28	4.00	3.12	2.97
27	3.37	2.85	3.01	3.31	4.29	4.00	3.12	2.98
26	3.37	2.85	3.01	3.31	4.29	4.00	3.12	2.98
25	3.37	2.85	3.01	3.31	4.29	4.00	3.12	2.98
23	3.37	2.85	3.01	3.31	4.29	4.00	3.12	2.98
22	3.36	2.85	3.01	3.31	4.28	4.00	3.13	2.98
21	3.37	2.85	3.01	3.31	4.29	4.00	3.13	2.98
20	3.36	2.85	3.00	3.31	4.27	3.98	3.13	2.97
19	3.36	2.85	3.00	3.30	4.27	3.97	3.13	2.98
18	3.36	2.85	3.00	3.30	4.27	3.97	3.12	2.98
16	3.36	2.85	3.00	3.31	4.27	3.97	3.12	2.97
15	3.35	2.85	2.99	3.30	4.27	3.97	3.12	2.97
14	3.36	2.85	2.99	3.31	4.27	3.97	3.12	2.98
13	3.36	2.85	3.00	3.31	4.27	3.97	3.13	2.97
12	3.36	2.84	3.00	3.31	4.27	3.96	3.13	2.97
11	3.36	2.85	3.00	3.31	4.26	3.96	3.13	2.97
9	3.35	2.84	3.00	3.30	4.26	3.96	3.13	2.97
8	3.35	2.84	3.00	3.30	4.26	3.96	3.13	2.97
7	3.35	2.84	3.00	3.31	4.26	3.97	3.13	2.97
6	3.35	2.84	3.00	3.30	4.27	3.97	3.13	2.97
5	3.35	2.85	3.00	3.30	4.26	3.96	3.13	2.97
4	3.35	2.84	3.00	3.31	4.26	3.96	3.13	2.97
2	3.35	2.84	3.00	3.31	4.26	3.96	3.13	2.97
1	3.36	2.84	3.00	3.31	4.27	3.96	3.13	2.97
Apr. 24	3.35	2.84	3.00	3.30	4.27	3.96	3.13	2.97
17	3.34	2.83	2.97	3.30	4.26	3.95	3.12	2.96
10	3.34	2.83	2.96	3.30	4.25	3.93	3.13	2.95
2	3.34	2.84	2.97	3.30	4.26	3.94	3.14	2.95
Mar. 27	3.35	2.84	2.98	3.30	4.28	3.94	3.15	2.98
20	3.38	2.87	3.00	3.33	4.32	3.95	3.18	3.01
13	3.38	2.88	3.01	3.32	4.32	3.95	3.19	3.02
6	3.38	2.87	3.01	3.32	4.30	3.95	3.18	2.99
Feb. 27	3.37	2.87	2.99	3.30	4.30	3.95	3.16	2.99
20	3.36	2.86	2.99	3.29	4.30	3.95	3.15	2.98
13	3.35	2.83	2.98	3.29	4.29	3.93	3.13	2.98
6	3.35	2.83	2.98	3.29	4.28	3.93	3.13	2.97
Jan. 30	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97
23	3.34	2.84	2.95	3.30	4.28	3.92	3.13	2.97
16	3.34	2.83	2.96	3.30	4.28	3.92	3.14	2.97
9	3.34	2.82	2.95	3.30	4.29	3.93	3.13	2.96
2	3.39	2.86	2.98	3.33	4.37	4.01	3.15	2.99
High 1942	3.39	2.88	3.02	3.33	4.37	4.02	3.19	3.02
Low 1942	3.34	2.82	2.95	3.28	4.24	3.92	3.12	2.95
High 1941	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago June 2, 1941	3.37	2.81	2.99	3.34	4.33	3.97	3.13	3.02
2 Years ago June 1, 1940	3.80	3.05	3.16	3.77	5.23	4.67	3.41	3.33

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Oct. 2, 1941, page 409.

Daily Average Crude Oil Production For Week Ended May 23, 1942 Up 115,100 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended May 23, 1942, was 3,599,000 barrels, an increase of 115,100 barrels over the preceding week and 124,500 barrels higher than the daily average for the month of May as recommended by the Office of Petroleum Coordinator. The current figure, however, was 173,850 barrels lower than the daily average for the week ended May 24, 1941. Further details as reported by the Institute follow:

Reports received from refining companies owning 86.9% of the 4,684,000 barrels estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 3,393,000 barrels of crude oil daily during the week ended May 23, 1942, and that all companies had in storage at refineries, bulk terminals, in transit and in pipe lines as of the end of that week, 97,034,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 10,042,000 barrels during the week ended May 23, 1942.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	a O.P.C. Recommendations May	a State Allowables Beginning May 1	—Actual Production— Week Ended May 23 1942	Change From Previous Week	4 Weeks Ended May 23 1942	Week Ended May 24 1941
Oklahoma	438,500	438,500	b 386,250	— 1,750	394,450	414,700
Kansas	259,300	259,300	b 256,250	— 5,500	254,050	216,950
Nebraska	4,500	------	b 4,050	+ 50	3,950	4,350
Panhandle Texas			88,000	+ 7,650	82,250	76,450
North Texas			145,600	— 2,700	150,150	129,400
West Texas			156,700	— 33,800	168,400	258,000
East Central Texas			87,100	+ 8,300	79,750	78,800
East Texas			370,600	+144,650	242,200	373,650
Southwest Texas			113,200	— 21,000	122,350	209,650
Coastal Texas			242,100	+ 32,700	215,700	276,050
Total Texas	960,000	c1,493,800	1,203,300	+135,800	1,060,800	1,402,000
North Louisiana			85,900	+ 2,100	83,350	73,200
Coastal Louisiana			219,300	— 500	225,200	246,600
Total Louisiana	298,600	321,100	305,200	+ 1,600	308,550	319,800
Arkansas	74,000	72,191	70,850	— 400	71,700	73,000
Mississippi	48,100		b 85,550	— 1,900	88,550	28,000
Illinois	329,200		296,300	+ 19,550	295,700	320,700
Indiana	17,900		b 21,850	+ 2,050	21,500	20,700
Eastern (not incl. Ill. & Ind.)	105,400		98,250	— 1,150	99,450	90,250
Michigan	60,500		62,100	— 4,600	64,050	38,000
Wyoming	98,300		95,150	+ 4,500	92,750	82,950
Montana	25,200		21,750	+ 150	21,650	19,000
Colorado	7,900		6,700	— 800	6,550	3,950
New Mexico	73,300	73,300	54,450	— 16,300	67,400	113,100
Total East of Calif.	2,800,700		2,968,000	+131,300	2,851,100	3,147,450
California	673,800	d673,800	631,000	— 16,200	639,450	625,400
Total United States	3,474,500		3,599,000	+115,100	3,490,550	3,772,850

a O. P. C. recommendations and State allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual State production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline in February, 1942, as follows: Oklahoma, 29,800; Kansas, 6,000; Texas, 112,700; Louisiana, 20,800; Arkansas, 2,300; New Mexico, 5,600; California, 42,600; other States, 21,900.

b Okla., Kans., Neb., Miss., Ind. figures are for week ended 7 a. m. May 20.

c This is the net basic 16-day allowable for the period May 16 to 31, inclusive. Under the order of May 15th all fields are permitted to produce on 13 out of 16 days, there being only a small exemption from the shutdown ordered for May 16, 17 and 18 in fields whose oil is considered necessary for the war effort.

d Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED MAY 23, 1942

(Figures in Thousands of Barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis

District—	Daily Refining Capacity Potential Rate	% Reporting	Crude Runs to Stills Daily Average	% Operated	Gasoline Production at Refineries Includ. Natural Blended	Stocks Finished and Unfinished Gasoline	¶Stocks of Gas Oil and Distillate Fuels	¶Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,383	89.7	1,457	61.1	4,153	44,468	14,464	16,625
Appalachian	174	84.5	152	87.4	448	3,623	472	595
Ind., Ill., Ky.	784	84.9	712	90.8	2,377	19,963	2,799	3,225
Okla., Kansas, Mo.	418	81.1	361	86.4	1,168	9,184	952	1,578
Rocky Mountain	138	50.7	92	66.7	305	2,473	329	559
California	787	90.9	619	78.7	1,591	17,323	11,598	56,860
Tot. U. S. B. of M. basis May 23, 1942	4,684	86.9	3,393	72.4	10,042	†97,034	30,614	79,442
Tot. U. S. B. of M. basis May 16, 1942	4,684	86.9	3,484	74.4	10,945	99,134	30,206	78,826
U. S. Bur. of Mines basis May 24, 1941			3,922	----	12,780	94,141	34,906	92,092

*At the request of the Office of the Petroleum Coordinator.

†Finished, 89,713,000 barrels; unfinished, 7,321,000 barrels. ¶At refineries, at bulk terminals, in transit, and in pipe lines.

Steel Output Off 0.3%—Lend-Lease Needs Stepped Up—New Plant Construction Restricted

"During the last few days it has become evident that the substantial step-up in lend-lease steel requirements for the third quarter may be so sharp that domestic steel rolling schedules will be greatly affected, says "The Iron Age" in its issue of today (June 4), further adding: "Efforts to turn out a very large tonnage of steel for export before June 15 have already forced many steel mills to rearrange schedules and have pushed back deliveries on some highly rated tonnage. Steel specifications in May in most cases fell short of the volume placed in April but nevertheless exceeded production so that backlogs changed little. One steel company reports that backlogs average six months business.

"Aircraft production is constantly rising and large U. S. bombers of a type which can reach the eastern plants of Nazi Germany are running 70% ahead of schedule, "The Iron Age" is told. Automotive plants are producing more aircraft parts, in some instances, than the aircraft industry can now absorb for final assembly. Two such parts plants have reduced their operating rates because of this temporary overflow of parts. It appears that some Detroit plants will shortly be ready for additional war contracts, although the saturation point for such orders in that area had been considered reached. A Toronto plant is retooling to produce four-motored bombers.

"In the steel, automotive-aircraft and shipbuilding industries and in machine tool and other plants, production frequently is exceeding rated capacities, which throws out calculations of war agencies on output and is forcing alterations in plans for completing the Nation's industrial war machine.

"Effects of the decision to restrict new plant construction will be drastic in steel where perhaps half of the blast furnaces planned four months ago may not be constructed. A large Eastern plate mill may not be built. Many expansion projects in the conversion stage in the steel and other industries will not see the light of day and other projects under way may be altered. The need for some plant expansions will be eliminated through sub-contracting or the rearrangement of existing facilities. Sizable cancellation of structural steel orders during the next few weeks will be one of the results of the chain of recent events in the growth of America's great arms industry."

The American Iron and Steel Institute on June 1 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 99.3% of capacity for the week beginning June 1, compared with 99.6% one week ago, 98.6% one month ago and 99.2% one year ago. This represents an increase of 0.3 points, or 0.3% from the preceding week. The operating rate for the week beginning June 1 is equivalent to 1,686,700 tons of steel ingots and castings, compared to 1,691,800 tons one week ago, 1,674,800 tons one month ago, and 1,601,000 tons one year ago.

"Steel," of Cleveland, in its summary of the iron and steel markets, on June 1, stated in part: "Improvement in inventory control by War Production Board shows better distribution for essential purposes, reflected by closer balance between requests for steel plates and tonnages being allocated. June allocations show the best relationship yet attained and it is believed that by mid-autumn plate production will meet all rated requirements, although not much capacity expansion is expected by that time. Allocations and directives are assuming a leading position in controlling delivery of steel, congestion in A-1-a priority being such that this rating has lost much of its meaning and value. Mills which have been accepting nothing below top rating now in some cases have so much tonnage on directives that they are unable to promise delivery on any rating. Others are able to continue taking business for definite shipment on higher priorities, but the margin is constantly narrowing.

"Tin plate mills find their position reversed, the choke point now being supply of black plate, which is limited by semifinished steel available for that use. Until recently scarcity of tin held back production.

"Fabricated structural steel orders booked in April, 327,420 net tons, were largest for any month since 1929. Total orders booked in four months exceeded the similar period last year by 12.4%. As use of steel in other than war construction has been stopped the April figure is an indication of the extent of essential use of structural shapes.

"Flow of scrap material is consistently adequate for all current needs and in some cases is reaching consumers in volume that taxes handling facilities."

Moody's Daily Commodity Index

Tuesday, May 26	231.7
Wednesday, May 27	231.7
Thursday, May 28	231.3
Friday, May 29	231.2
Saturday, May 30	**
Monday, June 1	229.9
Tuesday, June 2	228.8
Two weeks ago, May 19	231.5
Month ago, May 2	231.0
Year ago, June 2	194.4
1941 High—Sept. 9	219.9
Low—Feb. 17	171.6
1942—High—April 9	234.0
Low—Jan. 2	220.0

**Holiday.

Labor Bureau's Wholesale Price Index Shows Slight Advance In May 23 Week

The Bureau of Labor Statistics, U. S. Department of Labor, announced on May 28 that except for sharp increases in certain farm products and foods which are not controlled under the Office of Price Administration General Maximum Price Regulation average prices for commodities in primary markets remained comparatively steady during the week ended May 23. The Bureau reports that the advance in prices for farm products and foods brought the all-commodity index up 0.2% during the week to equal the high point reached earlier in the month. At 98.7% of the 1926 average, the Bureau's comprehensive index of nearly 900 price series is 16% higher than at this time last year.

We also quote the following from the Board's advices:

During the period of rapid changes caused by price controls, materials allocation, and rationing the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes, however, must be considered as preliminary and subject to such adjustment and revision as required by late and more complete reports.

The following table shows index numbers for the principal groups of commodities for the past three weeks, for April 25, 1942, and May 24, 1941, and the percentage changes from a week ago, a month ago, and a year ago.

(1926=100)

Commodity Groups—	5-23 1942	5-16 1942	5-9 1942	4-25 1942	5-24 1941	Percentage changes to May 23, 1942, from 5-16 1942	4-25 1942	5-24 1941
All Commodities	104.8	104.3	104.0	104.8	77.3	+0.5	0	+35.6
Farm products	99.1	98.2	99.3	99.6	79.5	+0.9	—0.5	+24.7
Foods	119.2	119.8	120.2	119.8	106.9	—0.5	—0.5	+11.5
Hides and leather products	97.2	97.3	97.3	97.0	82.9	—0.1	+0.2	+17.2
Textile products	78.9	78.8	78.7	78.5	76.2	+0.1	+0.5	+ 3.5
Fuel and lighting materials	*104.0	*104.0	*103.9	103.9	98.2	0	+0.1	+ 5.9
Metals and metal products	110.0	110.1	110.0	108.8	100.5	—0.1	+1.1	+ 9.5
Building materials	97.3	97.3	97.3	97.1	84.2	0	+0.2	+15.6
Chemicals and allied products	104.6	104.6	104.6	104.4	92.5	0	+0.2	+13.1
Housefurnishing goods	90.2	90.2	89.9	90.0	79.7	0	+0.2	+13.2
Miscellaneous commodities	99.8	98.9	99.5	100.4	79.9	+0.9	—0.6	+24.9
Raw materials	92.8	92.8	92.6	92.6	86.5	0	+0.2	+ 7.3
Semimanufactured articles	*99.2	*99.3	99.3	98.9	87.5	—0.1	+0.3	+13.4
Manufactured products	*97.4	*97.2	97.4	97.3	86.7	+0.2	+0.1	+12.3
All commodities other than farm products	*95.9	*95.9	*95.8	95.6	87.7	0	+0.3	+ 9.4
All commodities other than farm products and foods	*98.7	*98.5	98.6	98.6	85.0	+0.2	+0.1	+16.1

*Preliminary.

Engineered Construction Volume Up 132%

Engineered construction volume for the week totals $163,227,000, an increase of 132% over the corresponding 1941 week, but 25% lower than last week as reported by "Engineering News-Record" on May 28. Public construction climbs 284% over the week a year due to the more than seven-fold increase in Federal Work. The public total, however, is 24% below the preceding week. Private work is 81% under the 1941 week, and 41% lower than a week ago. The report went on to say:

With this week's construction total, the volume for May reaches $1,044,572,000, the highest monthly total ever reported. Over 90% of the monthly volume is concentrated in Federal work, and the balance is almost equally divided between private, and State and municipal construction.

The current week's volume brings 1942 construction to $3,936,356,000, an increase of 75% over the 22-week period last year, and just about on a par with the volume reported for the entire year in 1940. Public work is 125% higher than a year ago as a result of the 214% gain in Federal work. Private work, however, is 53% lower than in the period last year.

Construction volumes for the 1941 week, last week, and the current week are:

	May 29, 1941	May 21, 1942	May 28, 1942
Total construction	$70,368,000	$216,513,000	$163,227,000
Private construction	29,317,000	9,305,000	5,458,000
Public construction	41,051,000	207,208,000	157,769,000
State and municipal	20,876,000	11,487,000	12,336,000
Federal	20,175,000	195,721,000	145,433,000

In the classified construction groups, gains over the 1941 week are in waterworks, sewerage, public buildings, and unclassified construction. Increases over last week are in bridges, streets and roads, and unclassified construction. Subtotals for the week in each class of construction are: Waterworks, $2,113,000; sewerage, $2,437,000; bridges, $1,228,000; industrial buildings, $1,857,000; commercial building and large-scale private housing, $3,415,000; public buildings, $96,248,000; earthworks and drainage, $956,000; streets and roads, $10,528,000; and unclassified construction, $44,445,000.

New capital for construction purposes for the week totals $7,047,000. This compares with $34,755,000 for the corresponding week last year. The current week's new financing is made up of $3,997,000 in State and municipal bond sales, and $3,050,000 in corporate security issues.

New construction financing for the year to date, $6,818,823,000 is 108% above the $3,271,780,000 reported for the opening 22-week period last year.

Commodity Price Average Again Recedes

The weekly wholesale commodity price index compiled by The National Fertilizer Association and released on June 1, declined for the second consecutive week. In the week ended May 30, 1942, this index was 127.7, compared with 128.0 in the preceding week. A month ago it was 128.0 and a year ago 106.9, based on the 1935-1939 average as 100.

The slight drop in the all-commodity index last week was due primarily to declining prices for farm products, the index for which dropped to March levels. A slight advance in cotton was more than offset by rather marked declines in grain and most livestock prices. The fertilizer materials index declined due to a drop in the price of cottonseed meal. The index of miscellaneous commodities was lower, reflecting price declines for cottonseed meal, linseed meal, and bran. A lower price for linseed oil caused a small decline in the building material average. The food group average moved to higher levels last week as a result of upturns in prices of eggs, potatoes and chickens. The only other group average to change during the week was the textile index, which advanced fractionally.

During the week price declines outnumbered price advances 13 to 10; in the preceding week prices of 12 commodities declined and 12 advanced; in the second preceding week there were 16 advancs and 15 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
[*1935-1939 = 100]

% Each Group Bears to the Total Index	Group	Latest Week May 30 1942	Preceding Week May 23 1942	Month Ago Apr. 25 1942	Year Ago May 31 1941
25.3	Foods	125.6	125.3	126.0	100.9
	Fats and Oils	138.7	139.1	138.0	110.8
	Cottonseed Oil	163.0	163.0	159.3	119.7
23.0	Farm Products	136.5	137.8	138.4	102.7
	Cotton	187.5	187.4	191.6	123.2
	Grains	114.1	115.1	114.6	93.4
	Livestock	132.2	133.9	134.3	100.8
17.3	Fuels	119.5	119.5	117.4	107.2
10.8	Miscellaneous commodities	127.7	127.9	128.7	115.3
8.2	Textiles	148.9	148.8	149.2	127.6
7.1	Metals	104.4	104.0	104.4	103.4
6.1	Building materials	151.7	151.8	151.7	117.7
1.3	Chemicals and drugs	120.7	120.7	120.7	105.0
.3	Fertilizer materials	118.7	119.8	118.7	107.1
.3	Fertilizers	115.3	115.3	115.3	101.1
.3	Farm machinery	104.1	104.1	104.1	99.3
100.0	All groups combined	127.7	128.0	128.0	106.9

*Indexes on 1926-1928 base were: May 30, 1942, 99.5; May 23, 1942, 99.7; May 31, 1941, 83.3.

Non-Ferrous Metals—Copper Allocations For June Under Way—Lead Pool For June At 15%

"Metal and Mineral Markets" in its issue of May 28 stated: "Allocation certificates for copper for June started moving out of Washington to consumers during the last week. Beginning June 1, zinc will come under full allocation, and most of the details for handling the distribution of the metal have been settled. Requests from consumers for High Grade zinc have been excessive. The emergency pool in lead, which some observers thought might be abandoned, will be continued at the 15% rate during the next month. Arsenic and tantalum were placed under full allocation by the War Production Board." The publication further reported as follows:

Copper

The copper industry was surprised to learn on May 26 that fabricators had received word from the authorities in Washington on the status of their June allocations, a record performance. Early notification naturally will expedite the movement of metal to consumers. The tonnage to be released for June will be larger than that of May.

Domestic consumers are obtaining copper on the basis of 12c., Valley. Foreign metal is moving into the country on the basis of 11.75c., f.a.s. United States ports.

The extent to which the Division of Industry Operations, WPB, is moving to curb civilian use of copper products is emphasized in a ruling on the use of brass screws or other copper products to attach handles to blades of saws. Referring to Copper Conservation Order M-9-c, as amended May 7, the Director of Industry Operations has ruled that copper products may not be used in the manufacture of any item where the use of a less scarce material is practicable. Steel screws, use of which is not prohibited, are held to be a satisfactory substitute for brass screws for saw handles.

Lead

Though lead appears to be in a comfortable position, the emergency pool will be continued for June, with producers obliged to set aside 15% of output. The "take" will be based on April's rate of production. Producers met in Washington May 26 to confer with the authorities on June allocations.

Quotations on common lead continued at 6.50c., New York, and at 6.35c., St. Louis. Chemical lead sold on the basis of 6.40c., St. Louis.

Zinc

In reference to June allocations, the call for High Grade exceeds the supply available. The trade feels that there will be no problem in distributing the other grades.

Tin

Chinese tin, 99%, spot, 51.125c., all week.

The War Production Board has not yet taken action in reference to the construction of five government-financed detinning plants proposed some time ago to add to the tin supply. The problem not yet solved, it is argued, relates to the collection and salvage of old tin cans. In centers where salvaging of used cans has been tried, results have been far from satisfactory. Instructions about cleaning the cans and pressing them into a flat form for easy transportation to the detinner are being ignored by many contributing to the drive for salvaging containers.

Quicksilver

Fairly large business has been closed in quicksilver in recent weeks, and, with Metals Reserve ready to purchase so-called "frozen" metal on the basis of $192 per flask, New York, the trade regards the market as more or less stabilized. Support of the price structure by the Government is viewed as war policy in so far as quicksilver and other strategic metals are concerned. On spot metal, quotations in New York contained at $197.30 @ $199.21 per flask.

Silver

The silver market in London has been quiet, with the price unchanged at 23½d. The New York Official and the U. S. Treasury prices are also unchanged at 35⅛c. and 35c., respectively.

DAILY PRICES OF METALS ("E. & M. J." QUOTATIONS)

May	Electrolytic Copper Domest., Refin.	Electrolytic Copper Exp., Refin.	Straits Tin, New York	Lead New York	Lead St. Louis	Zinc St. Louis
21	11.775	11.700	52.000	6.50	6.35	8.25
22	11.775	11.700	52.000	6.50	6.35	8.25
23	11.775	11.700	52.000	6.50	6.35	8.25
25	11.775	11.700	52.000	6.50	6.35	8.25
26	11.775	11.700	52.000	6.50	6.35	8.25
27	11.775	11.700	52.000	6.50	6.35	8.25
Average	11.775	11.700	52.000	6.50	6.35	8.25

Average prices for calendar week ended May 23 are: Domestic copper f.o.b. refinery, 11.775c.; export copper, f.o.b. refinery, 11.700c.; Straits tin, 52.000c.; New York lead. 6.500c.; St. Louis lead, 6.350c.; St. Louis zinc, 8.250c.; and silver, 35.125c.

The above quotations are "M. & M. M.'s" appraisal of the major United States markets, based on sales reported by producers and agencies. They are reduced to the basis of cash, New York or St. Louis, as noted. All prices are in cents per pound.

Copper, lead and zinc quotations are based on sales for both prompt and future deliveries; tin quotations are for prompt delivery only.

In the trade, domestic copper prices are quoted on a delivered basis; that is, delivered at consumers' plants. As delivery charges vary with the destination, the figures shown above are net prices at refineries on the Atlantic seaboard. Delivered prices in New England average 0.225c. per pound above the refinery basis.

Export quotations for copper are reduced to net at refineries on the Atlantic seaboard. On foreign business, owing to World War II, most sellers are restricting offerings to f.a.s. transactions, dollar basis. Quotations for the present reflect this change in method of doing business. A total of .05c. is deducted from f.a.s. basis (lighterage,

N. Y. Mfg. Employment Shifts To War Ind.

New York State factories are concentrating their efforts on war production, according to a statement issued May 16 by Industrial Commissioner Frieda S. Miller, who reports that there was little change in the total number of factory wage earners at work in the State between the middle of March and the middle of April. The advices from the State Labor Department also said:

Industries producing consumer goods were forced to curtail their employment while those engaged in war production reported further expansion. Decreases in total employment were recorded for clothing and textiles, food products, lumber, furniture, paper and printing, chemicals, rubber products and several products in the stone, clay, and glass group. Net increases occurred in metals and machinery, petroleum products, tobacco, leather goods and miscellaneous industries. Within these major groups, also, there was a shifting of employees from civilian to war production. Concerns making consumer goods were feeling the effect of government restrictions on the use of materials. These statements are based on final tabulations covering reports from 3,130 representative manufacturers who employed 668,292 shop workers in April on a weekly payroll of $24,849,419.

The New York State Department of Labor's index number of factory employment for April was 145.2. The corresponding index number of factory paypolls was 217.9. These index numbers are computed with the average for the years 1935-1939 as 100. The April figures represent a drop of 0.1% in employment and an increase of 0.7% in payrolls over March and increases of 14.5% and 41.7%, respectively, over April a year ago. Current reports on factory employment and payrolls are collected, compiled and analyzed in the Division of Statistics and Information, New York State Department of Labor, under the direction of Dr. E. B. Patton, Director.

Mexico Joins In War Against Axis Powers

President Manuel Avila Camacho of Mexico formally signed on June 1 Mexico's declaration of war against the Axis Powers. The state of war was made to exist as of May 22, the date the Mexican Cabinet proposed to join the United Nations at war. The action was taken in reprisal for attacks on Mexican shipping by Axis submarines and after the Axis Powers refused to accept a Mexican note asking for complete satisfaction for the sinking. President Camacho asked for the war declaration on May 28 and the Chamber of Deputies and the Senate unanimously approved it on May 29 and 30, respectively. Mexico thus becomes the 27th member of the United Nations and the 10th Latin-American nation that has declared war on the Axis. The six Central American countries and the three Caribbean republics have been at war for some time. While no South American country has declared war, all, with the exception of Argentina and Chile, have severed diplomatic relations with the Axis Powers.

FDR Greets Argentina

President Roosevelt, in congratulatory telegrams to the Argentine Republic on the anniversary of its independence on May 25, expressed his "confidence" and "conviction" that the "spirit of resistance to aggression and devotion to democracy" will continue and that the peoples of the American Republics will preserve their freedom and liberty. President Roosevelt addressed messages to President Roberto Ortiz, who is unable to act as chief executive because of illness, and to Dr. Ramon S. Castillo, Acting President.

The following is President Roosevelt's message to President Ortiz:

May 25, 1942.

His Excellency
Roberto Ortiz,
President of the Republic of Argentina, Buenos Aires.

As we in the American Republics celebrate the anniversaries of those solemn acts upon which our sovereignties are based, we are confronted with the harsh fact that many liberty-loving peoples who less than three years ago were independent members of the family of nations are today enduring a bitter slavery. Their homes have been invaded—their liberties suppressed.

Therefore, in extending to you my congratulations upon this highly significant Argentine anniversary, I take particular pleasure in expressing my confidence that the spirit of resistance to aggression and devotion to democracy so nobly personified in your actions and your utterances will lead the people of your great country, as in the past, along those paths which alone can insure the continued preservation of those political and economic freedoms uopn which our American civilization is based.

FRANKLIN D. ROOSEVELT.

To Acting President Castillo, President Roosevelt telegraphed as follows:

May 25, 1942.

His Excellency Dr. Ramon S. Castillo, Acting President of the Republic of Argentina.

On this memorable date, the anniversary of the independence of the Argentine Republic, I wish to extend to your Excellency and to the Argentine people my cordial greetings. At the same time I express the conviction, which I feel sure is shared by your Excellency, that because of their unity the peoples of the republics of the Americas will preserve that freedom and liberty gained for them by their forefathers which is today challenged as never before in the history of their independence.

FRANKLIN D. ROOSEVELT.

Resources Protection Bd.

Formation of a Resources Protection Board, which will recommend precautions against sabotage, bombing and invasion of vital industrial centers, was announced on May 15 by War Production Board Chairman Donald M. Nelson, according to Washington advices to the "Wall Street Journal," which added:

The Board "will evaluate the relative wartime importance of all industrial plants, war installations, facilities and vital economic resources and make recommendations for their protection," the announcement stated.

It will further act as a coordinating agency for protective measures the Army and Navy and other agencies have affected during the past year "to assure that no important resource or facility has been overlooked."

William K. Frank of the WPB production division was named head of the new organization.

Revenue Freight Car Loadings During Week Ended May 23, 1942, Totaled 837,748 Cars

Loading of revenue freight for the week ended May 23, totaled 837,748 cars, the Association of American Railroads announced on May 28. The decrease below the corresponding week in 1941 was 28,279 cars or 3.3%, but the increase above the same week in 1940 was 150,268 cars or 21.9%.

Loading of revenue freight for the week of May 23 decreased 1,304 cars or 0.2% below the preceding week.

Miscellaneous freight loading totaled 378,339 cars, an increase of 164 cars above the preceding week, and an increase of 9,054 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 96,365 cars, a decrease of 854 cars below the preceding week, and a decrease of 65,889 cars below the corresponding week in 1941.

Coal loading amounted to 165,983 cars, a decrease of 3,024 cars below the preceding week, but an increase of 14,105 cars above the corresponding week in 1941.

Grain and grain products loading totaled 34,412 cars, a decrease of 552 cars below the preceding week, and a decrease of 5,718 cars below the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of May 23 totaled 21,914 cars, a decrease of 102 cars below the preceding week, and a decrease of 5,145 cars below the corresponding week in 1941.

Live stock loading amounted to 12,853 cars, an increase of 859 cars above the preceding week, and an increase of 2,424 cars above the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of May 23 totaled 9,067 cars, an increase of 551 cars above the preceding week, and an increase of 2,015 cars above the corresponding week in 1941.

Forest products loading totaled 48,410 cars, a decrease of 1,444 cars below the preceding week, but an increase of 6,692 cars above the corresponding week in 1941.

Ore loading amounted to 87,205 cars, an increase of 3,412 cars above the preceding week, an increase of 10,604 cars above the corresponding week in 1941.

Coke loading amounted to 14,181 cars, an increase of 135 cars above the preceding week, and an increase of 449 cars above the corresponding week in 1941.

All districts reported increases compared with the corresponding week in 1941 except the Eastern, Allegheny, Pocohontas and Central Western, but all districts reported increases over 1940.

	1942	1941	1940
Five weeks of January	3,858,273	3,454,409	3,215,565
Four weeks of February	3,122,773	2,866,565	2,465,685
Four weeks of March	3,171,439	3,066,011	2,489,280
Four weeks of April	3,351,038	2,793,630	2,495,212
Week of May 2	858,904	794,299	665,547
Week of May 9	839,253	837,149	680,628
Week of May 16	839,052	860,802	679,065
Week of May 23	837,748	866,027	687,480
Total	16,878,480	15,538,892	13,378,462

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended May 23, 1942. During this period 56 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED MAY 23

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
Eastern District—					
Ann Arbor	469	578	585	1,335	1,682
Bangor & Aroostook	1,672	1,822	1,579	341	236
Boston & Maine	6,034	8,615	7,245	14,906	13,751
Chicago, Indianapolis & Louisville	1,360	1,473	1,396	2,028	2,747
Central Indiana	28	19	19	65	73
Central Vermont	952	1,504	1,360	2,051	2,745
Delaware & Hudson	6,846	6,355	4,871	11,357	10,091
Delaware, Lackawanna & Western	7,553	10.065	8,936	9,590	9,511
Detroit & Mackinac	278	310	283	125	194
Detroit, Toledo & Ironton	1,767	3,259	2,037	1,186	1,304
Detroit & Toledo Shore Line	278	360	298	2,333	3,251
Erie	13,914	15,847	12,356	16,520	15,252
Grand Trunk Western	3,487	6,140	4,833	7,403	8,939
Lehigh & Hudson River	195	253	312	3,484	2,372
Lehigh & New England	2,188	1,967	1,839	1,699	1,896
Lehigh Valley	8,879	9,616	7,947	11,129	8,993
Maine Central	2,199	3,145	2,569	3,420	3,113
Monongahela	6,289	6,438	4,645	349	426
Montour	2,314	2,284	2,082	41	48
New York Central Lines	45,398	53,356	41,540	54,473	49,063
N. Y., N. H. & Hartford	9,900	12,160	9,173	19,260	16,733
New York, Ontario & Western	963	1,138	1,028	2,815	2,562
New York, Chicago & St. Louis	7,859	6,765	5,461	15,216	13,574
N. Y., Susquehanna & Western	412	507	360	1,665	1,626
Pittsburgh & Lake Erie	8,214	8,524	6,447	9,409	10,126
Pere Marquette	5,355	7,402	5,858	5,905	6,484
Pittsburgh & Shawmut	709	752	888	48	86
Pittsburgh, Shawmut & North	378	357	390	251	386
Pittsburgh & West Virginia	1,011	1,311	838	2,787	2,441
Rutland	387	629	632	1,134	1,156
Wabash	5,105	6,039	4,855	12,862	11,378
Wheeling & Lake Erie	5,608	6,331	4,579	4,387	4,427
Total	158,001	185,321	147,241	219,574	206,666
Allegheny District—					
Akron, Canton & Youngstown	680	725	489	1,020	935
Baltimore & Ohio	40,530	41,576	32,067	27,047	21,979
Bessemer & Lake Erie	7,737	7,386	5,701	2,269	2,352
Buffalo Creek & Gauley	325	268	363	2	4
Cambria & Indiana	1,978	2,023	1,362	15	6
Central R. R. of New Jersey	6,767	8,235	6,272	18,559	15,206
Cornwall	621	695	639	63	63
Cumberland & Pennsylvania	303	315	235	7	33
Ligonier Valley	136	135	60	48	25
Long Island	884	748	580	3,442	2,925
Penn-Reading Seashore Lines	1,730	1,710	1,095	2,576	1,883
Pennsylvania System	83,307	88,079	63,827	63,621	57,029
Reading Co.	14,517	16,791	13,936	27,338	23,319
Union (Pittsburgh)	21,455	19,254	16,044	8,489	6,940
Western Maryland	3,906	4,459	3,538	12,221	8,652
Total	184,876	192,399	146,208	166,717	141,351
Pocahontas District—					
Chesapeake & Ohio	28,838	29,487	24,369	13,226	14,117
Norfolk & Western	22,522	23,942	19,820	6,918	6,149
Virginian	4,245	4,832	4,055	2,114	1,793
Total	55.605	58.261	48,244	22,258	22,059

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
Southern District—					
Alabama, Tennessee & Northern	386	344	247	358	213
Atl. & W. P.—W. R. R. of Ala.	673	806	689	2,395	1,935
Atlanta, Birmingham & Coast	876	840	663	1,158	1,179
Atlantic Coast Line	12,862	11,775	8,838	8,800	6,816
Central of Georgia	3,551	4,478	3,628	3,767	4,028
Charleston & Western Carolina	411	518	454	1,604	1,883
Clinchfield	1,608	1,838	1,488	2,839	2,975
Columbus & Greenville	322	327	255	179	302
Durham & Southern	209	206	159	1,267	492
Florida East Coast	1,721	1,027	1,413	810	936
Gainesville Midland	31	44	27	93	100
Georgia	1,226	1,172	1,107	2,688	2,097
Georgia & Florida	363	368	304	531	520
Gulf, Mobile & Ohio	4,301	3,835	3,360	4,337	3,076
Illinois Central System	27,773	23,988	19,203	17,340	14,570
Louisville & Nashville	27,386	27,321	22,912	9,846	7,491
Macon, Dublin & Savannah	154	179	139	743	781
Mississippi Central	182	137	118	538	406
Nashville, Chattanooga & St. L.	3,699	3,528	2,801	3,965	3,222
Norfolk Southern	1,269	1,227	1,132	1,928	1,203
Piedmont Northern	325	430	363	1,266	1,584
Richmond, Fred. & Potomac	529	433	302	10,945	6,715
Seaboard Air Line	11,289	10,891	8,899	8,765	6,438
Southern System	23,075	26,327	20,242	24,233	19,942
Tennessee Central	674	526	487	1,210	673
Winston-Salem Southbound	123	146	131	916	888
Total	125,018	122,711	99,341	112,521	90,465
Northwestern District—					
Chicago & North Western	21,526	23,634	18,349	12,849	12,574
Chicago Great Western	2,294	2,877	2,368	2,898	3,072
Chicago, Milw., St. P. & Pac.	19,015	21,951	18,463	9,414	9,298
Chicago, St. Paul, Minn. & Omaha	3,326	4,021	3,415	3,518	3,897
Duluth, Missabe & Iron Range	28,610	21,438	16,153	360	282
Duluth, South Shore & Atlantic	1,290	1,107	1,003	527	533
Elgin, Joliet & Eastern	10,371	10,706	7,973	10,185	9,223
Ft. Dodge, Des Moines & South	592	682	470	131	127
Great Northern	24,209	22,921	18,494	4,992	3,826
Green Bay & Western	557	629	456	783	735
Lake Superior & Ishpeming	3,272	2,544	2,578	49	76
Minneapolis & St. Louis	1,989	2,194	1,534	2,295	2,147
Minn., St. Paul & S. S. M.	7,416	8,225	6,030	3,209	2,856
Northern Pacific	10,371	9,092	9,514	4,739	4,353
Spokane International	172	232	213	389	310
Spokane, Portland & Seattle	2,510	2,442	1,818	3,269	2,115
Total	137,429	134,695	108,831	59,607	55,424
Central Western District—					
Atch., Top. & Santa Fe System	22,204	21,851	18,185	10,557	7,295
Alton	2,853	3,440	2,589	4,238	2,984
Bingham & Garfield	671	700	550	142	88
Chicago, Burlington & Quincy	15,826	17,091	12,792	10,950	9,281
Chicago & Illinois Midland	2,560	3,085	1,783	860	872
Chicago, Rock Island & Pacific	11,341	13,804	10,690	10,703	9,892
Chicago & Eastern Illinois	2,559	2,836	2,294	3,229	3,191
Colorado & Southern	783	674	631	1,986	1,638
Denver & Rio Grande Western	2,747	2,096	1,719	4,861	3,370
Denver & Salt Lake	626	276	234	15	30
Fort Worth & Denver City	888	1,302	1,049	1,076	1,026
Illinois Terminal	1,986	2,051	1,692	2,362	1,879
Missouri-Illinois	1,383	1,192	914	509	499
Nevada Northern	2,018	2,029	1,767	111	152
North Western Pacific	1,012	961	769	490	511
Peoria & Pekin Union	10	17	45	0	0
Southern Pacific (Pacific)	28,815	28,654	23,067	9,462	6,525
Toledo, Peoria & Western	288	358	268	1,637	1,533
Union Pacific System	11,576	14,384	11,882	12,974	10,095
Utah	591	316	112	3	4
Western Pacific	1,987	1,667	1,602	3,628	2,101
Total	112,724	118,784	94,634	79,793	62,966
Southwestern District—					
Burlington-Rock Island	133	196	178	144	338
Gulf Coast Lines	5,068	3,223	2,486	2,460	1,747
International-Great Northern	3,049	1,929	1,564	2,581	2,990
Kansas, Oklahoma & Gulf	250	212	209	1,218	1,007
Kansas City Southern	5,185	2,371	1,889	2,613	2,619
Louisiana & Arkansas	3,464	2,285	1,705	2,177	1,948
Litchfield & Madison	360	325	281	1,118	967
Midland Valley	716	478	383	259	233
Missouri & Arkansas	129	204	212	321	341
Missouri-Kansas-Texas Lines	4,757	4,310	3,665	4,144	3,477
Missouri Pacific	15,494	14,831	12,276	17,405	11,455
Quanah Acme & Pacific	102	85	79	177	163
St. Louis-San Francisco	8,196	8,371	6,037	7,459	6,002
St. Louis Southwestern	2,756	2,660	2,123	5,803	3,141
Texas & New Orleans	10,266	7,850	5,874	4,176	3,945
Texas & Pacific	3,964	4,351	3,832	6,454	4,687
Wichita Falls & Southern	163	160	167	47	68
Weatherford M. W. & N. W.	43	15	21	16	53
Total	64,095	53,856	42,981	58,572	45,181

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	*Orders Received Tons*	*Production Tons*	*Unfilled Orders Remaining Tons*	*Percent of Activity*	
				Current	*Cumulative*
1942—Week Ended—					
Feb. 7	162,894	168,424	522,320	101	102
Feb. 14	156,745	167.424	510,542	101	102
Feb. 21	157,563	165,240	496,272	102	102
Feb. 28	163,067	164,601	493,947	100	102
Mar. 7	177,823	165,081	505,233	101	101
Mar. 14	140,125	166,130	476,182	100	101
Mar. 21	157,908	169,444	465,439	101	101
Mar. 28	144,061	168,394	442,556	100	101
Apr. 4	161,888	169,249	436,029	100	101
Apr. 11	145,000	153,269	428,322	93	101
Apr. 18	129,834	153,442	404,199	94	101
Apr. 25	139,026	156,201	388,320	93	100
May 2	135,273	152,569	371,365	90	99
May 9	130,510	143,427	360,221	86	99
May 16	119.142	141,745	336,530	82	98
May 23	120,224	140,650	316,443	81	97

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled stock, and other items made necessary adjustments of unfilled orders.

Lumber Movement—Week Ended May 23, 1942

Lumber production during the week ended May 23, 1942, was 4% greater than the previous week, shipments were 7% less, new business, 10% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 3% above production; new orders 6% above production. Compared with the corresponding week of 1941, production was about the same, shipments, 4% greater, and new business 10% less. The industry stood at 139% of the average of production in the corresponding week of 1935-39 and 147% of average 1935-39 shipments in the same week.

Year-to-Date Comparisons

Reported production for the first 20 weeks of 1942 was 3% below corresponding weeks of 1941; shipments were 6% above the shipments, and new orders 9% above the orders of the 1941 period. For the 20 weeks of 1942, new business was 27% above production, and shipments were 13% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 61% on May 23, 1942, compared with 41% a year ago. Unfilled orders were 22% greater than a year ago; gross stocks were 17% less.

Softwoods and Hardwoods

Record for the current week ended May 23, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

SOFTWOODS AND HARDWOODS

	1942 Week	1941 Week	1942 Previous Wk. (rev.)
Mills	475	475	475
Production	262,221	262,673	251,527
Shipments	270,407	260,550	290,407
Orders	278,728	309,618	309,435

	Softwoods 1942 Week		Hardwoods 1942 Week	
Mills	384		105	
Production	249,345	—100%	12,876	—100%
Shipments	254,767	102	15,640	121
Orders	262,616	105	16,112	125

Signs Housing Loan Bill

President Roosevelt has signed the bill increasing to $800,000,000 the Federal Housing Administration's authority to insure mortgages for housing of war workers, it was announced on May 26. Congressional action on the legislation was completed on May 20 when the House adopted the conference report; Senate approval on May 18 was referred to in these columns of May 21, page 1935. Originally the measure passed the House on April 22 and the Senate on May 6.

The increased authority was said to be needed because the present FHA limit of $300,000,000 is exhausted. In addition to raising the loan insurance by $500,000,000, the bill extends the permissible maturity of any insured mortgage from 20 to 25 years and raises present limits on insured mortgages for single-family and multi-family home units.

Simplify Naturalization For Non-Citizen Soldiers

Announcement was made in Washington on May 20 that the Army plans to simplify the naturalization procedure for all non-citizen soldiers, providing they entered the country legally. This authority was granted under the Second War Powers Act of 1942, which was signed by President Roosevelt on March 28 (noted in our issue of April 2, page 1338); the law provides that citizenship may be conferred upon any soldier who entered the country legally, who has served at least three months in the Army since Sept. 1, 1939, and whose application is approved by his commanding officers.

Weekly Coal And Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report states that the total production of soft coal in the week ended May 23 is estimated at 11,340,000 net tons as against 11,480,000 tons in the preceding week, thus indicating, as in the past six weeks, little change in trend. Production in the corresponding week of 1941 was estimated at 10,325,000 net tons.

The U. S. Bureau of Mines reported that production of Pennsylvania anthracite for the week ended May 23 was estimated at 1,201,000 tons, a decrease of 61,000 tons, or 4.8%, from the preceding week. When compared with the output in the corresponding week of 1941, however, there was an increase of 361,000 tons (about 43%). The calendar year to date shows a gain of 17.8% when compared with the corresponding period of 1941.

The U. S. Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended May 23 showed a decrease of 3,000 net tons when compared with the output for the week ended May 16. Coke from beehive ovens increased 9,800 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF SOFT COAL, IN THOUSANDS OF NET TONS WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

	Week Ended			January 1 to Date		
	‡May 23, 1942	May 16, 1942	May 24, 1941	May 23, 1942	May 24, 1941	May 22, 1937
*Bituminous coal—						
Total, incl. mine fuel	11,340	11,480	10,325	226,389	173,151	184,455
Daily average	1,890	1,913	1,721	1,868	1,419	1,536
†Crude petroleum—						
Coal equiv. of weekly output	5,765	5,581	6,042	124,933	120,247	109,387

*Includes for purposes of historical comparison and statistical convenience the production of lignite.

†Total barrels produced during the week converted into equivalent coal assuming 6,000,000 b.t.u. per barrel of oil and 13,100 b.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal. (Minerals Yearbook, 1939, page 702).

‡Subject to revision.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	Week Ended			Calendar year to date		
Penn. anthracite—	§May 23, 1942	May 16, 1942	May 24, 1941	May 23 1942	May 24, 1941	May 25, 1929
*Total, incl. colliery fuel	1,201,000	1,262,000	840,000	23,572,000	20,017,000	29,572,000
†Commercial production	1,141,000	1,199,000	798,000	22,394,000	19,016,000	27,443,000
Beehive coke—						
United States total	178,000	168,200	147,400	3,096,300	2,105,800	2,581,000
By-product coke—						
United States total	1,178,100	1,181,100	‡	23,925,700	‡	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					May avge.
State—	May 16, 1942	May 9, 1942	May 17, 1941	May 18, 1940	May 15, 1937	¶1923
Alaska	5	4	3	3	2	**
Alabama	393	386	304	291	129	398
Arkansas and Oklahoma	72	71	12	18	8	66
Colorado	130	123	83	73	97	168
Georgia and North Carolina	1	1	1	1	††	**
Illinois	1,171	1,173	972	678	523	1,292
Indiana	463	430	403	262	245	394
Iowa	43	41	31	35	24	89
Kansas and Missouri	155	160	32	79	68	131
Kentucky—Eastern	1,002	977	848	756	792	679
Kentucky—Western	236	227	208	104	127	183
Maryland	44	43	38	23	20	47
Michigan	4	5	3	2	1	12
Montana	60	57	46	42	34	42
New Mexico	27	27	17	17	28	57
North and South Dakota	21	23	19	18	15	**14
Ohio	698	752	558	389	465	860
Pennsylvania bituminous	2,880	2,884	2,581	1,877	1,995	3,578
Tennessee	155	148	140	115	84	121
Texas	5	5	6	15	17	22
Utah	100	91	49	38	28	74
Virginia	436	418	376	279	243	250
Washington	30	26	32	22	32	44
*West Virginia—Southern	2,341	2,314	2,248	1,760	1,675	1,380
†West Virginia—Northern	878	904	788	564	555	862
Wyoming	129	124	88	80	61	110
‡Other Western States	1	1	††	††	1	**5
Total bituminous coal	11,480	11,415	9,936	7,541	7,269	10,878
§Pennsylvania anthracite	1,262	1,266	872	855	1,068	1,932
Total, all coal	12,742	12,681	10,808	8,396	8,337	12,810

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." ††Less than 1,000 tons.

Federal Reserve Reports Brokers' Balances

The Board of Governors of the Federal Reserve System announced on May 27 that member firms of the New York Stock Exchange carrying margin accounts for customers reported for April a decrease of $16,000,000 in their customers' debit balances and a decrease of $6,000,000 in money borrowed by the reporting firms. During the year ending April 30, 1942, customers' debit balances decreased by $91,000,000 and money borrowed decreased by $68,000,000. The Board supplies the following summary of the customers' debit balances and principal related items of the member firms of the New York Stock Exchange that carry margin accounts, together with changes for the month and year ended April 30, 1942, follows:

(Ledger Balances in Millions of Dollars)

	April 30, 1942	Increase or decrease Since Mar. 31, 1942	April 30, 1941
Debit Balances:			
Customers' debit balances	515	—16	— 91
Debit balances in firm and partners' investment and trading accounts	76	— 2	— 20
Cash on hand and in banks	195	--	— 4
Credit Balances:			
Money borrowed	300	— 6	— 68
Customers' credit balances:			
Free	247	— 2	— 18
Other	61	— 6	+ 1
Credit balances in firm and partners' investment and trading accounts	21	+ 1	— 7
Credit balances in capital accounts	196	— 5	— 31

Trading On New York Exchanges

The Securities and Exchange Commission has made public figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the weeks ended May 9 and 16, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their resepctive members. These reports are classified as follows:

	New York Stock Exchange Week-Ended May 9	May 16
Total number of reports received	1,000	999
1. Reports showing transactions as specialists	174	167
2. Reports showing other transactions initiated on the floor	110	121
3. Reports showing other transactions initiated off the floor	135	142
4. Reports showing no transactions	636	638

	New York Curb Exchange Week-Ended May 9	May 16
Total number of reports received	715	713
1. Reports showing transactions as specialists	85	86
2. Reports showing other transactions initiated on the floor	16	20
3. Reports showing other transactions initiated off the floor	41	43
4. Reports showing no transactions	577	559

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

	Total for Week Ended May 9, '42	%a	May 16, '42	%a
A. Total Round-Lot Sales:				
Short sales	71,390		59,790	
Other sales b	1,671,760		1,544,490	
Total sales	1,743,150		1,604,280	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:				
1. Transactions of specialists in stocks in which they are registered—				
Total purchases	144,810		111,350	
Short sales	33,470		26,590	
Other sales b	100,770		87,700	
Total sales	134,240	8.00	114,290	7.03
2. Other transactions initiated on the floor—				
Total purchases	61,850		60,020	
Short sales	13,810		7,300	
Other sales b	42,950		43,460	
Total sales	56,760	3.40	50,760	3,45
3. Other transactions initiated off the floor—				
Total purchases	42,740		48,910	
Short sales	5,610		3,800	
Other sales b	35,470		32,880	
Total sales	41,080	2.41	36,680	2.67
4. Total—				
Total purchases	249,400		220,280	
Short sales	52,890		37,690	
Other sales b	179,190		164,040	
Total sales	232,080	13.81	201,730	13.15

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

	Total for Week Ended May 9, '42	%a	May 16, '42	%a
A. Total Round-Lot Sales:				
Short sales	4,110		3,705	
Other sales b	256,260		303,090	
Total sales	260,370		306,795	
B. Round-Lot Transactions for the Account of Members:				
1. Transactions of specialists in stocks in which they are registered—				
Total purchases	21,580		25,900	
Short sales	2,705		3,185	
Other sales b	27,065		32,355	
Total sales	29,770	9.86	35,540	10.01
2. Other transactions initiated on the floor—				
Total purchases	3,330		2,300	
Short sales	200		0	
Other sales b	2,555		4,350	
Total sales	2,755	1.17	4,350	1.08
3. Other transactions initiated off the floor—				
Total purchases	9,550		8,020	
Short sales	170		100	
Other sales b	13,705		13,135	
Total sales	13,875	4.50	13,235	3.47
4. Total—				
Total purchases	34,460		36,220	
Short sales	3,075		3,285	
Other sales b	43,325		49,840	
Total sales	46,400	15.53	53,125	14.56
C. Odd-Lot Transactions for the Account of Specialists—				
Customers' short sales	50		0	
Customers' other sales c	20,367		21,162	
Total purchases	20,417		21,162	
Total sales	10,446		10,675	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

a Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

b Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

c Sales marked "short exempt" are included with "other sales."

Items About Banks, Trust Companies

Col. Arthur V. McDermott, Director of Selective Service for New York City, is scheduled to address the Chamber of Commerce of the State of New York at its monthly meeting today (June 4) at 65 Liberty Street. Frederick E. Hasler, newly elected President, will preside at his first meeting, the business session of which begins at noon. Several reports will be presented.

Clarence V. Joerndt (with the National City Bank) as President of New York Chapter, American Institute of Banking, presided at the commencement of the Chapter at the Marble Collegiate Church on May 28. Dr. William A. Irwin, Educational Director of the American Institute of Banking, delivered the principal address on "Rebuilding A World." The invocation was read by the Rev. Charles J. Haulenbeek, Associate Minister of the Marble Collegiate Church, and George T. Newell, Vice-President of the Manufacturers Trust Co., greeted the graduates as President of the American Institute of Banking. The class paper on the "Future of Foreign Banking" was read by Jose A. Fernandez, with the National City Bank. Daniel Schmeidler, Assistant Secretary of the Brooklyn Trust Co., President-elect of New York Chapter, awarded the prizes, and William J. Ahern, Assistant Vice-President of the Bank of the Manhattan Co., welcomed the graduates as President of the Alumni Association.

Wandell M. Mooney, Vice-President of the Chemical Bank & Trust Co. of New York, was recently elected a member of the Board of Trustees of Wesleyan University, Middletown, Conn.

Eugene W. Stetson, President of the Guaranty Trust Company of New York, announced on May 28 the appointment of Robert A. Jones as a Vice-President. Mr. Jones, who has been Personal Trust Officer of the company since June 18, 1936, was born in Brooklyn. He was graduated from Erasmus Hall in 1918, and received degrees from Colgate University in 1922 and from Harvard Law School in 1925. Mr. Jones was an attorney on the staff of Larkin, Rathbone & Perry from August, 1925, to Jan. 1, 1927. He was then with Davis Polk Wardwell Gardiner & Reed until Jan. 16, 1928, when he entered the Personal Trust Department of the Guaranty Trust Company. He was appointed an Assistant Trust Officer on Dec. 19, 1929. Mr. Stetson also announced the appointments of S. Hobart Lockett and Don C. Kreger as Assistant Trust Officers of the company.

John F. Hickey, for many years active in the banking and security business, was on June 1, elected a Vice-President of the Continental Bank & Trust Co. of New York. Formerly associated with the Harris Trust & Savings Bank in Chicago and later heading the investment firm of Hickey, Doyle & Co. with offices in Chicago and New York, Mr. Hickey has been serving in a volunteer capacity as Assistant Treasurer of the USO. Mr. Hickey was an officer in the 37th Division of Ohio during the first World War.

Arthur S. Kleeman, President of the Colonial Trust Company of New York, announces that LeRoy T. Tanfield, John J. Downes and George Onderdonk, formerly Assistant Managers, have been elected Assistant Secretary-Treasurers. Mr. Onderdonk is on leave with the National forces.

The Central Savings Bank in the City of New York announced on May 26 the resignation of Charles G. Edwards as President, effective May 25. For some time Mr. Edwards' health has been such that he feels it necessary that he curtail his business activity. Mr. Edwards was elected President of the Central Savings Bank on Jan. 13, 1936, and had been a Trustee of the bank since 1933.

George R. Leslie, a charter member of the New York Curb Exchange, died on May 28 at the Johnston Willis Hospital, Richmond, Va. He was 56 years old. During the 31 years of his membership in the Curb Exchange, Mr. Leslie served as a member of the Board of Governors from 1922 to 1925. He was a partner in the firm of Salisbury, Leslie & Co. from October, 1918, until his retirement in January, 1924, and joined the firm of C. D. Halsey & Co. as a partner in July, 1924, continuing until its dissolution in November, 1934. In May, 1936, Mr. Leslie became a partner in the firm of Friedman & Torney which firm dissolved in January, 1938. In February of that year he was a partner of Berdell Bros. and continued there until his retirement in December, 1940, because of ill health.

Joseph Wayne, Jr., retired President of the Philadelphia National Bank and of the Philadelphia Clearing House Association, died on May 26 at his home in Chestnut Hill, Philadelphia. He was 68 years old. Mr. Wayne had been associated with Philadelphia banking for over 50 years. When he retired as President of the Philadelphia National Bank in January, 1941, the Directors of the institution named Mr. Wayne to the newly created post of Chairman of the Board and he continued in that advisory position up to the time of his death. He had served as President of the Philadelphia National Bank and its predecessor institutions since 1914.

A native of Philadelphia, Mr. Wayne began his banking career in 1890 as a clerk with the Girard National Bank and advanced through various positions until he was elected President of the Girard National in October, 1914. In 1926 when the Girard Bank was consolidated with the Philadelphia National, Mr. Wayne retained the presidency of the combined institution — the Philadelphia-Girard National Bank. Two years later, upon the merger of this organization with the Franklin-Fourth Street National Bank, he was again chosen President of the merged institutions, whose title was changed back to the original Philadelphia National Bank. Under Mr. Wayne's leadership the Philadelphia National Bank, organized in 1803, grew to be one of the leading banks in the United States and the largest financial institution in the Third Federal Reserve District.

Mr. Wayne served as President of the Philadelphia Clearing House Association for 11 years, between 1930 and 1941, refusing to accept another term in the latter year. At his death he was active as a director in more than a score of financial, insurance and industrial corporations, including the Federal Reserve Bank, the Philadelphia Savings Fund Society, the Provident Mutual Life Insurance Co., the Insurance Co. of North America, the Philadelphia and Reading Coal and Iron Co., the Midvale Co., the Pennroad Corp., the Pennsylvania Railroad Co., and the Baldwin-Southwark Corp.

The New York Agency at 67 Wall Street of the Standard Bank of South Africa, Ltd., announced on May 29 the receipt of the following advices by telegram from the Head Office in London, regarding the operations of this bank for the year ended March 31, 1942:

> The Board of Directors have resolved to recommend to the shareholders at the General Meeting to be held 26th August next, payment of a dividend of 7% for the half-year ended 31st March last together with a bonus of two shillings per share, both payable in British currency and subject to British income tax, making total distribution of 14% for the year ended 31st March, 1942; to appropriate £50,000. to writing down Bank premises and £150,000. to the Officers Pension Fund, carrying forward a balance of £155,509.

Bank's investments stand in the books at less than market value as at 31st March last and all other usual and necessary provisions have been made.

Transfer Books will be closed from 5th August to 18th August, both days inclusive.

Lending Operations Under Regulation W Discussed At N. Y. State Bankers Meeting

Loren B. Allen, Manager of the Credit Department of the Federal Reserve Bank of New York, discussed Regulation W relating to consumer credit control in a talk before the New York State Bankers Association annual meeting in New York on May 25.

Stating that he would confine his remarks "to a few, of what appear to us to be, major points of confusion under the regulation in your lending operations," Mr. Allen said:

> But, before getting into that discussion, let's have clearly fixed in mind that the regulation does not affect any loans for "business" purposes or "agricultural" purposes unless they are for the purpose of purchasing listed articles.
>
> In the first place, there is the question of single-payment loan which is new to the regulation. The Board has ruled that the regulation places no restriction whatever on the renewal or revision of any single payment loan which was made prior to May 6. That is to say, such a loan may be renewed again and again without regard to the provisions of the regulation. Therefore, a single payment loan which is subject to the regulation, is any loan to an individual in the amount of $1,500 or less, which is not an instalment loan and which was made on or after May 6. It may be evidenced by either a time or demand note. By the terms of the regulation, it is limited to a 90-day maturity: I believe you are probably familiar enough with the provisions of the regulation to know that such a single payment loan may be renewed on an instalment basis but that total period of the credit is limited to a maximum of 12 months. The question however which seems to be most confusing at this time, relates to a problem which may probably be most clearly described by an example: If a prospective borrower who is already indebted to the bank in the amount of $5,000 wished to borrow an additional $1,000, the $1,000 increase is subject to the regulation. This is true because it is a new loan for less than $1,500. The mechanics of the transaction are immaterial. It does not make any difference whether the aggregate indebtedness of $6,000 is evidenced by two notes —one in the amount of $5,000 and the other in the amount of $1,000—or whether the indebtedness is evidenced by a new note in the amount of $6,000, of which amount $5,000 of the proceeds goes toward full payment of the old indebtedness. What I have said, in effect, is that there has been a new extension of credit in the amount of $1,000. You and I think of it generally in our operation as being a new loan of $6,000. However, for the purposes of the regulation it is the amount of increase—the additional extension of credit—which is the determining factor of whether or not it comes within the scope of the regulation.

* * *

"Probably the second most confusing problem under the revised regulation," said Mr. Allen "is the question of its effect on a class of loans which has come into being in substantial volume in the banks comparatively recently, and in some cases looked upon almost as a "rent payer." In part he added:

> I refer to the loan secured by cash surrender value of a life insurance policy. Such new loans of $1,500 or less are subject to the regulation. The regulation provides an exemption for any loan made by a life insurance company on the cash surrender value of a policy, or any loan which is made by a bank for the purpose of paying off a life insurance company loan made prior to May 6, or any renewal or revision of such a loan provided it doesn't involve an increase in the amount.
>
> * * *
>
> We have been asked why the restrictions on loans of $1,500 or less, apply to a loan secured by an individual's savings in one form such as a savings account, and not to the other form such as the savings evidenced by insurance. That question has been partly answered in that we cannot legally apply the control to insurance savings. In the second place they represent a different class of savings. An individual may withdraw the funds in a savings account and restore the account by the deposit of new funds at a later date. If a policy holder withdrew his insurance savings, it would have a further effect in that it would cancel the policy and if the insured desired to reinstate his insurance at some later date, he might be prevented from doing so as the result of a change in his physical condition.
>
> * * *
>
> The third principal bank question appears to be one relating to FHA loans. There seems to be some confusion as to whether or not FHA loans are subject to the regulation. Evidently some feeling exists that if the FHA has issued insurance coverage on an instalment loan it automatically exempts the loan from the restrictions of Regulation W. That is not the case.
>
> * * *
>
> If it is a necessitous case such as repairing a roof, or if it is for the purpose of making an uninhabitable dwelling livable, or if it is for the purpose of expanding the living space, it will probably be approved. Generally speaking however, an FHA loan of $1,500 or less is limited to a maximum maturity of 12 months.

Another question which seems to have been perplexing to banks is that which relates to collateral loans—loans collateralized by stocks, bonds or other securities. Such loans are exempt only if they are for the purpose of purchasing securities or if they are for the purpose of paying off another loan which was initially created for the purpose of purchasing securities.

Nat'l Bank Deposits, Loans Show Decline

Comptroller of the Currency Preston Delano announced on May 21 that the total deposits of the 5,115 active national banks in the United States and possessions on April 4, 1942, amounted to $39,477,493,000. It is pointed out that this was a decrease of $77,279,000 in the amount reported by national banks on Dec. 31, 1941, the date of the previous call, but an increase of $3,190,012,000 over the amount reported on April 4, 1941. Deposits on April 4, 1942, consisted of demand and time deposits of individuals, partnerships, and corporations of $20,287,746,000 and $7,721,120,000, respectively, United States Government deposits of $1,479,538,000, deposits of States and political subdivisions of $2,735,059,000, postal savings of $14,320,000, certified and cashiers' checks, cash letters of credit and travelers' checks outstanding of $396,668,000, and deposits of domestic and foreign banks of $6,843,042,000.

The Comptroller's announcement further said:

> Loans and discounts were $11,569,311,000, a decrease of $182,481,000 in the quarter, but an increase of $1,141,845,000 in the year.
>
> Investments in United States Government obligations, direct and fully guaranteed, aggregating $12,782,079,000, were $709,027,000 more than in December, and $2,186,089,000 more than the amount held a year ago. The direct and indirect obligations held on April 4, 1942, were $10,665,769,000 and $2,116,310,000, respectively. Other bonds, stocks and securities totaling $3,843,589,000, which included obligations of States and political subdivisions of $2,082,182,000, increased $29,133,000 since December but decreased $148,057,000 in the year.
>
> Cash of $635,312,000, balances with other banks, including cash items in process of collection, of $6,022,393,000, and reserves with Federal Reserve banks of $7,753,030,000, a total of $14,410,735,000, decreased $591,195,000 since December, but showed an increase of $166,927,000 over the amount reported in April of last year.
>
> The total assets on April 4, 1942, were $43,496,537,000, in comparison with $43,538,234,000 on Dec. 31, 1941, and $40,193,021,000 on April 4, 1941.
>
> Bills payable, rediscounts, and other liabilities for borrowed money amounting to $12,270,000 increased $8,492,000 and $9,840,000 in the three and 12-month periods, respectively.
>
> The unimpaired capital stock on April 4, 1942, was $1,511,895,000, comprising $159,999,000 of preferred stock and $1,351,896,000 of common stock. Surplus of $1,396,118,000, undivided profits of $515,127,000, and reserves of $249,442,000, a total of $2,160,687,000, increased $27,382,000 since December and $115,260,000 since April last year.
>
> The percentage of loans and discounts to total deposits on April 4, 1942, was 29.31, in comparison with 29.71 on Dec. 31, 1941, and 28.74 on April 4, 1941.

Tenders On Sydney 5½s

Tenders of City of Sydney, New South Wales, Australia, 25-year 5½% sinking fund gold bonds, due Feb. 1, 1955, will be received at the corporate trust department of City Bank Farmers Trust Co., New York, fiscal agent, in amount sufficient to exhaust any funds available in the sinking fund. Offers to sell at prices not exceeding 100% of principal and accrued interest, must be submitted in writing on or before noon June 17.